

UBS AG
acting through UBS Investment Bank

UBS Currency Certificates – EUR/USD Bull

USD ("US Dollar")
Expiration Date: 3 September 2010
Issue Size: 4,000,000 Products
Issue Price: USD 20.25
per Product as of Issue Date

The Issuer has issued structured products in securitized form (the "Product") in accordance with the terms and conditions set out in this prospectus (the "Prospectus").

The Issuer has the possibility to increase the number of Securities at any time during the lifetime of the Securities. In the event of an increase an additional prospectus will be prepared.

Application has been made to list the Products on the Official List of the Luxembourg Stock Exchange and to trade them on the EURO MTF Market of that exchange. *This Prospectus constitutes a prospectus for the purpose of the Luxembourg law dated 10 July 2005 on prospectuses for securities.*

Opportunities and Loss Risks

As the foreign exchange market can be subject to sharp fluctuations, it is essential that you regularly monitor the price trend of this Product.

In order to invest in these Products Investors must be familiar with the currency and currency options markets and the risks associated with such markets. As the investment will be impacted by the performance of the Underlying, such investment is appropriate only for Investors who are experienced in financial and business matters and familiar with the currency and currency options markets.

Investors have to be aware that based on the relevant foreign exchange rate they bear the risk to lose their invested capital altogether.

Detailed information to the risks of these Products is stated in the section headed Risk Factors of this Prospectus.

This Prospectus does not qualify as a prospectus published in accordance with the requirements of the EU Prospectus Directive (Directive 2003/71/EC).

Nobody is authorised to give information other than that contained in this Prospectus and the documents referred to therein and which are made available for inspection by the public.

UBS Investment Bank

Date 24 August 2009

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UBS Currency Certificate: EUR/USD Bull with Early Termination Level

Issued by UBS AG

SVSP Product Type: Mini-futures (130)

Valor: 10374790



Final Terms

1. Description of the Product

Information on Underlying

Underlying(s)	Initial Underlying Level	Reference Rate
EUR/USD Exchange rate, defined as the U.S. Dollar (USD) amount per one Euro (EUR)	USD 1.4169 per 1 EUR	USD 1.4175 per 1 EUR

Product Details

Security Numbers	Valor: 10374790 / ISIN: CH0103747900 / WKN: UB9CEX / Common Code: 044698803
Issue Size	4,000,000 Certificates
Nominal Amount	One Certificate corresponds to EUR 100.00
Early Termination Level	USD 5.50
Calculation Value	USD 20.50
Issue Price	USD 20.25

Dates

Launch Date	12 August 2009
Pricing Date ("Pricing")	04 August 2009
Issue Date/Payment Date	14 August 2009
Expiration Date and Time ("Expiry")	Friday, 03 September 2010, 2.15 p.m. CET (ECB37 Fixing) (subject to Market Disruption Event provisions)
Maturity Date/ Redemption Date	Tuesday, 07 September 2010 (subject to Market Disruption Event provisions)

Redemption

The Investor is entitled to receive from the Issuer on the Redemption Date an amount in the Settlement Currency, according to the following scenarios:

Scenario 1	If the actual value of the UBS Currency Certificate never lies at or below the Early Termination Level (corresponding spot level depends on the forward price and time to maturity) at any time after the Launch Date and before Expiry, the Investor receives on the Redemption Date per Product an amount, calculated according to the following formula: $\text{Max } [0, \text{Calculation Value} + (\text{Final Spot Fixing} - \text{Reference Rate}) * 100]$
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Scenario 2	If the actual value of the UBS Currency Certificate once lies at or below the Early Termination Level (corresponding spot level depends on the forward price and time to maturity) at any time after the Launch Date and before Expiry, the UBS Currency Certificate will automatically be redeemed at market price with value 2 Business Days. The value of the Product is determined using the global spot foreign exchange market, which, for these purposes, shall be treated as being open continuously from 5.00 a.m. Sydney time on a Monday in any week to 5.00 p.m. New York time on the Friday of that week.
Final Spot Fixing	Value of the Underlying at Expiry according to the Reuters Fixing Page ECB37.

Product Structure

Buying the UBS Currency Certificate: EUR/USD Bull with Early Termination Level lets the Investor enter into a long position in Euro (EUR) against the U.S. Dollar (USD). The value of the UBS Currency Certificate increases if the Euro strengthens against the U.S. Dollar and decreases if the Euro weakens against the U.S. Dollar. If the actual value of the UBS Currency Certificate once lies at or below the Early Termination Level at any time after the Launch Date and before Expiry, the Products will be automatically redeemed at market price in USD, as reasonably determined by the Calculation Agent.

This Product is **not** capital protected.

The terms of the Product may be subject to adjustments during its lifetime. Detailed information on such adjustments is to be found in the General Terms and Conditions for Structured Currencies and commodities ("SCC").

General Information

Issuer	UBS AG, Zurich
Issuer Rating	Aa2 Moody's (under review for possible downgrade) / A+ S&P's / A+ Fitch
Lead Manager	UBS AG, Zurich (UBS Investment Bank)
Calculation Agent	UBS AG, Zurich (UBS Investment Bank)
Paying Agent	UBS AG, Zurich
Listing	Listing on the Luxembourg Stock Exchange has been applied for
Secondary Market	Daily price indications will be available on Reuters UBSWDR38 and Bloomberg between 8.00 am and 6.00 pm CET
Minimum Investment	1 Certificate
Minimum Trading Lot	1 Certificate
Status	Unsecured / Unsubordinated
Clearing	SIX SIS, Euroclear, Clearstream (booked at SIX SIS AG)
Form of deed	Book-entry Security
Governing Law / Jurisdiction	Swiss / Zurich
Product	One Currency Certificate with the given Nominal Amount is equivalent to one (1) "Product". "Products" wherever used herein shall be construed to mean integral multiples of the same, subject to the Issue Size.

Tax Treatment

Swiss Federal Stamp Duty	Secondary market transactions are not subject to Swiss stamp duty.
Swiss Federal Income Tax	The Product is not subject to the Swiss Federal as well as the cantonal and communal income tax.
Swiss Withholding Tax	The product is not subject to the Swiss withholding tax.
EU Savings Tax	For Swiss paying agents, the product is not subject to the EU Savings Tax (TK 14)

The tax information only provides a general overview of the potential tax consequences linked to this product at the time of issue. Tax laws and tax doctrine may change, possibly with retroactive effect.

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Product Documentation

Final Terms

This document serves as and fulfils the requirements of a '**Simplified Prospectus**' in accordance with Art. 5 of the Swiss Federal Act on Collective Investment Schemes (CISA). The Simplified Prospectus together with the 'General Terms and Conditions for Structured Currencies and Commodities ("SCC")', as amended from time to time ("General Terms and Conditions") shall form the entire documentation for this Product ("Product Documentation"), and accordingly the Final Terms should always be read together with the General Terms and Conditions. Definitions used in the Final Terms, but not defined therein shall have the meaning given to them in the General Terms and Conditions. Furthermore, the Final Terms shall serve as and fulfil the requirements of a 'Simplified Prospectus' in accordance with Art. 5 of the Swiss Federal Act on Collective Investment Schemes (CISA). In the event that the Product is listed (see above item 'Listing' under 'General Information'), the Product Documentation will be amended in accordance with the listing requirements of the relevant Exchange.

During the whole term of this Product, the respective documents can be ordered free of charge from UBS AG at P.O. Box, CH-8098 Zurich (Switzerland), via telephone (+41-(0)44-239 47 03), fax (+41-(0)44-239 69 14) or via e-mail (swiss-prospectus@ubs.com). In addition, for clients outside of the United Kingdom, the Product Documentation is available on the internet at www.ubs.com/keyinvest.

Notices in connection with this Product shall be validly given by publication in electronic media such as Reuters and/or Investdata. In addition, any changes with regard to the terms of this Product shall be published on the internet on UBS Quotes and, for clients outside of the United Kingdom, on UBS Keyinvest (www.ubs.com/keyinvest).

Classification

This Product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 ss of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the CISA.

Prudential Supervision

UBS AG is authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). In addition, its London Branch is authorised and regulated by the Financial Services Authority (FSA) and its Jersey Branch by the Jersey Financial Services Commission (JFSC).

2. Prospects of Profits and Losses

Market Expectation	Investors in this Product expect the Underlying to trade positively up (bull) or negatively down (bear).
Risk Tolerance	Investors in this Product should be experienced investors familiar with both derivative products and the foreign exchange market. Investors are aware that the entire invested amount is at risk.
Profit Potential	The Product allows unlimited participation.
Loss Potential	On the Redemption Date, the risk of loss is defined as the difference between the purchase price and zero. Therefore the maximum potential loss is equal to the invested amount.

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3. Significant Risks for Investors

For product specific risks please see above (2. Prospects of Profits and Losses)

Risk Factors relating to the Issuer

In addition to the market risk with regard to the development of the Underlying, each Investor bears the general risk that the financial situation of the Issuer could deteriorate. The Products constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, particularly in case of insolvency of the Issuer, rank pari passu with each 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. The general assessment of the Issuer's creditworthiness may affect the value of the Products. 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.

The Issuer Ratings indicated in this document reflect the situation at the time of issuance and may be subject to changes. The actual Issuer Ratings at any given time can be seen on the Issuer's website (www.ubs.com) under "Analysts & Investors".

Secondary Market

The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide bid and offer prices for this Product on a regular basis. However, the Issuer or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and offer prices for this Product, 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 this Product at a specific time or at a specific price.

In special market situations, where the Issuer is completely unable to enter into hedging transactions, or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks of the Issuer.

Market Risk

The investor is exposed to market disruption events (such as trading disruption, exchange disruption and early closure of the relevant exchange), adjustments and early termination which could have an impact on the redemption amount through delay in payment or change in value. For a detailed description of such events and their effects please read the Final Terms and the base prospectus (SCC).

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Important Information

This information is communicated by UBS AG and/or its affiliates ("UBS"). UBS may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities, currencies, financial instruments or other assets underlying the transaction to which this document relates. UBS may provide investment banking and other services to and/or have officers who serve as directors of the companies referred to in this document. UBS' trading and/or hedging activities related to this transaction may have an impact on the price of the underlying asset and may affect the likelihood that any relevant barrier is crossed. UBS has policies and procedures designed to minimise the risk that officers and employees are influenced by any conflicting interest or duty and that confidential information is improperly disclosed or made available.

In certain circumstances UBS sells this Product to dealers and other financial institutions at a discount to the issue price or rebates to them for their account some proportion of the issue price. Further information is available on request.

Structured transactions are complex and may involve a high risk of loss. Prior to entering into a transaction you should consult with your own legal, regulatory, tax, financial and accounting advisors to the extent you consider it necessary, and make your own investment, hedging and trading decisions (including decisions regarding the suitability of this transaction) based upon your own judgement and advice from those advisers you consider necessary. Save as otherwise expressly agreed in writing, UBS is not acting as your financial adviser or fiduciary in any transaction.

This document should not be construed as an offer, personal recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice. The terms of any investment will be exclusively subject to the detailed provisions, including risk considerations, contained in the Information Memorandum, Prospectus or other issuer documentation for the issue of the Products/Notes (the "Prospectus").

UBS makes no representation or warranty relating to any information herein which is derived from independent sources. This document shall not be copied or reproduced without UBS' prior written permission.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Products described herein, save where explicitly stated in the Product Documentation. The Products must be sold in accordance with all applicable selling restrictions in the jurisdictions in which they are sold.

There is a possibility that costs, including taxes, related to transactions in connection with this Product may arise for the Investor that are not paid by UBS or imposed by it.

Selling Restrictions

Any Products purchased by any person for resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further documentation relating to this Product in such jurisdiction.

The restrictions listed below must not be taken as definitive guidance as to whether this Product can be sold in a jurisdiction. Additional restrictions on offering, selling or holding of this Product may apply in other jurisdictions. Investors in this Product should seek specific advice before on-selling this Product.

Europe - For EEA jurisdictions (EU member states plus Norway, Iceland and Liechtenstein) that have implemented the EU Prospectus Directive ("EU-PD"), the Product Documentation for this Product DO NOT QUALIFY as a prospectus published in accordance with the requirements of the EU-PD. Unless and until a prospectus has been published in accordance with the requirements of the EU-PD, this Product may not be offered or sold in EEA jurisdictions that have implemented the EU-PD other than 1) in minimum denominations of, or total consideration per Investor of at least, EUR 50,000 (or equivalent in other currencies) or 2) only to Qualified Investors; and/or (aggregated for all distributors) to less than 100 offerees that are not Qualified Investors per EEA jurisdiction. A "Qualified Investor" is a legal entity that (i) is authorised or regulated to operate in the financial markets or has the sole purpose to invest in securities; or (ii) meets two of the following three criteria (as shown in its last annual or consolidated accounts): (a) an average number of at least 250 employees during the last financial year; (b) a total balance sheet of more than EUR 43,000,000; and (c) an annual net turnover of more than EUR 50,000,000.

For EEA jurisdictions that have not implemented the EU-PD, sales must be in compliance with the law of that jurisdiction.

Hong Kong - This Product may not be offered or sold in Hong Kong.

Singapore - This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of this Product may not be circulated or distributed, nor may this Product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Cap. 289) of Singapore ("SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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Where this Product is subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
 - (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,
- the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the securities under Section 275 of the SFA except:
- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
 - (2) where no consideration is or will be given for the transfer; or
 - (3) where the transfer is by operation of law.

UK - For the purposes of non-discretionary accounts, this Product should not be sold with a consideration of less than 50,000 EUR or equivalent.

USA - This Product may not be sold or offered within the United States or to U.S. persons, the foregoing shall not, however, prohibit sales to U.S. offices of UBS AG.

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General Terms and Conditions for Structured Currencies and Precious Metals

Date 20 August 2009
Version 2009-12

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1. Preliminary Remarks

UBS AG (the "Issuer" or "UBS AG" or "UBS") may from time to time issue structured products in securitized form (the "Products"). The Products will be issued based (i) on the information set out in these "General Terms and Conditions for Structured Currencies and Commodities", as amended from time to time (the "General Terms and Conditions") and (ii) on the relevant final terms of each Product (the "Final Terms"). The General Terms and Conditions and the Final Terms shall form the entire documentation for each Product (the "Product Documentation") and should always be read in conjunction with each other. In case of inconsistency between the General Terms and Conditions and the Final Terms, the Final Terms shall prevail.

In the event that the Product is listed (see item 'Listing' under 'General Information' in the relevant Final Terms), the Product Documentation will be amended in accordance with the listing requirements of the relevant Exchange.

The Issuer accepts responsibility for all information contained in the Product Documentation and has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material aspects and that there are no other material facts, the omission of which would make misleading any statement herein, whether of fact or opinion.

The offering or sale of the Products in certain jurisdictions may be restricted by law. Persons, who obtain possession of the Product Documentation, are required to inform themselves about and to adhere to any such restrictions which are set out in more detail in the relevant Final Terms under the section headed 'Selling Restrictions'. The Product Documentation does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

During the whole term of the Product, the Product Documentation can be ordered free of charge from the Lead Manager at P.O. Box, CH-8098 Zurich (Switzerland) via telephone (+41 (0)44 239 47 03), fax (+41 (0)44 239 69 14) or via e-mail (swiss-prospectus@ubs.com). In addition, the Product Documentation is available on the internet at www.ubs.com/keyinvest.

2. Risk Factors

An investment in the Products involves certain risks. If one or more of the risks described below occur, potential investors in the Products (the "Potential Investors") may incur a partial loss or even a total loss of their invested capital. Potential Investors should carefully consider the following factors prior to investing in the Products. This section of the General Terms and Conditions does not purport to be an extensive and comprehensive list of all possible risks associated with an investment in the Products.

*Investment decisions should **not** be made solely on the basis of the risk warnings set out in the Product Documentation, since such information cannot serve as a substitute for individual advice and information which is tailored to the requirements, objectives, experience, knowledge and circumstances of each Potential Investor individually.*

2.1 General Risk Factors

2.1.1 Advice from your Principal Bank

This information is not intended to replace the advice Potential Investors should always obtain from their respective principal bank before making a decision to invest in the Products. Only Potential Investors who are fully aware of the risks associated with the investment in the Products and who are financially able to bear any losses that may arise, should consider engaging in transactions of this type.

2.1.2 Buying Products on Credit

Potential Investors financing the purchase of Products with loans should note that, should their expectations fail to materialise, they would not only have to bear the loss resulting from the investment in the Products, but also have to pay interest on the loan as well as repay the principal amount. It is therefore imperative that Potential Investors verify their financial resources in advance, in order to determine whether they would be able to pay the interest and repay the loan at short notice should they incur losses instead of realising the anticipated profit.

2.1.3 Independent Review and Advice

Prior to entering into a transaction Potential Investors should consult their own legal, regulatory, tax, financial and accounting advisors to the extent they consider necessary, and make their own investment, hedging and trading decisions (including decisions regarding the suitability of an investment in the Products) based upon their own independent review and judgment and advice from those advisers they consider necessary.

Furthermore, Potential Investors should conduct such independent investigation and analysis regarding the Issuer and all other relevant persons or entities and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Products. However, as part of such independent investigation and analysis, Potential Investors should consider carefully all the information set forth in the Product Documentation.

Investment in the Products may involve a loss of principal by virtue of the terms of the Products even where there is no default by the Issuer. Potential Investors will at all times be solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects, creditworthiness, status and affairs of the Issuer in respect of the charged assets. None of the Issuer, the Lead Manager, the Paying Agent, the Calculation Agent, or any other agent nor any affiliate of any of them (or any person or entity on their behalf) will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Potential Investors with any information in relation to such matters or to advise as to the accompanying risks.

2.1.4 Investor Suitability

The purchase of the Products involves substantial risks. Potential Investors should be familiar with instruments having the characteristics of the Products and should fully understand the terms and conditions set out in the Product Documentation and the nature and extent of their exposure to risk of loss.

In addition, Potential Investors must determine, based on their own independent review and such legal, business, tax and other advice as they deem appropriate under the circumstances, that the acquisition of the Products (i) is fully consistent with their financial needs, objectives and conditions, (ii) complies and is fully consistent with all constituent documents, investment policies, guidelines, authorisations and restrictions (including as to their capacity) applicable to them, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper and suitable investment for them.

2.1.5 Changes in Tax Law and Tax Call

The tax considerations set forth in the Product Documentation reflect the view of the Issuer based on the legislation applicable at the date of issuance of the Product Documentation. It cannot, however, be ruled out that the tax treatment by the tax authorities and courts could be interpreted differently. Additionally, the tax considerations set forth herein may not be used as the sole basis for the decision to invest in the Products from a tax perspective, since the individual situation of each Potential Investor must also be taken into account. Thus, the considerations regarding taxation contained in the Product Documentation do not constitute any sort of material information or tax advice nor are they in any way to be construed as a representation or warranty with respect to specific tax consequences.

In accordance with the terms and conditions set out in the General Terms and Conditions, the Issuer may redeem all outstanding Products early for tax reasons. Accordingly, Potential Investors should consult their personal tax advisors before making any decision to purchase the Products and must be aware of and be prepared to bear the risk of a potential early redemption due to tax reasons. The Issuer and the Lead Manager do not accept any liability for adverse tax consequences of an investment in the Products.

2.1.6 Effect of Ancillary Costs

Commissions and other transaction costs incurred in connection with the purchase or sale of Products may result in charges, particularly in combination with a low order value, which can substantially reduce any Redemption Amount. Before acquiring Products, Potential Investors should therefore inform themselves of all costs incurred with the purchase or sale of the Product, including any costs charged by their custodian banks upon purchase and redemption of the Products.

2.1.7 No Reliance

The Issuer and all of its affiliates respectively disclaim any responsibility to advise Potential Investors of the risks and investment considerations associated with the purchase of the Products as they may exist at the date hereof or from time to time hereafter.

2.1.8 Legality of Purchase

The Issuer has no and assumes no responsibility for (i) the lawfulness of the acquisition of the Products by Investors or for (ii) the compliance by Investors with any law, regulation or regulatory policy applicable to them.

2.2 Market Risk Factors

2.2.1 No Liquidity or Secondary Market

As the Products might not be listed or traded on any exchange, pricing information regarding the Products may be more difficult to obtain and the liquidity of the Products may be adversely affected. The liquidity of the Products may also be affected by restrictions on the purchase and sale of the Products in some jurisdictions.

The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide bid and offer prices for the Products on a regular basis. However, the Issuer or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and offer prices for the Products, 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 Products at a specific time or at a specific price. Additionally, the Issuer has the right (but no obligation) to purchase Products at any time and at any price in the open market or by tender or private agreement. Any Products so purchased may be held or resold or surrendered for cancellation.

2.2.2 Expansion of the Spread between Bid and Offer Prices

In special market situations, where the Issuer is completely unable to enter into hedging transactions, or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks of the Issuer.

2.2.3 Emerging Markets

Investments in emerging markets should only be effected by persons who have a sound knowledge of these markets, who are well aware of and are able to weigh the diverse risks (political, social and economic risks, currency, liquidity and settlement risks, regulatory and legal risks) involved and who have sufficient financial resources to bear the substantial risks associated with such investments.

2.2.4 Risks Factors associated with Currency Exchange Rates

An investment in Products may involve risk exposure to fluctuations in exchange rates of the relevant currencies in which the Products are denominated and the Underlying is traded or evaluated. For example (i) the Underlying may be denominated in a currency other than that of the Products, (ii) the Products may be denominated in a currency other than the currency of the Investor's home jurisdiction and/or (iii) the Products may be denominated in a currency other than the currency in which an Investor wishes to receive funds.

Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value, regardless of other market forces.

If the Potential Investor's right vested in the Products is determined on the basis of a currency other than the Settlement Currency, or if the value of the Underlying is determined in a currency other than the Settlement Currency, Potential Investors should be aware that investments in these Products 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 such other currency.

2.3 Risk Factors relating to the Products

2.3.1 Risk-hedging Transactions

The ability to eliminate or to restrict the initial risks of the Products arising from their purchase by concluding any hedging transactions during their lifetime depends mainly on the market conditions and the terms and conditions of the specific Product. As a consequence, such transactions may be concluded at unfavourable market prices to the effect that corresponding losses may arise.

Potential Investors should therefore not rely on the ability to conclude transactions at any time during the term of the Products that will allow them to offset or limit relevant risks.

2.3.2 Features of Products on Currencies, Exchange Rates, Commodities or Precious Metals

In cases where the Underlyings are currencies, exchange rates, commodities or precious metals, it should be noted that such Underlyings are traded 24 hours a day through the time zones of Australia, Asia, Europe and America. It is therefore possible that a relevant limit, barrier or threshold pursuant to the relevant Final Terms may be reached, exceeded or fallen below outside of local or Lead Managers' business hours.

2.3.3 Disruption Events

In accordance with the terms and conditions set out in the General Terms and Conditions, the Lead Manager or the Calculation Agent may determine in its absolute sole discretion that a Disruption Event has occurred or exists at a relevant time. Any such determination may have an adverse effect on the value of the Products.

2.3.4 Other Factors affecting Value

The value of a Product is determined not only by changes in the price of the Underlying, but also a number of other factors. Since several risk factors may have simultaneous effects on the Products, 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 Products.

These factors include, *inter alia*, the terms and conditions of the specific Product, the frequency and intensity of price fluctuations (volatility) in the Underlying, as well as the prevailing interest rate. A decline in the value of the Product may therefore occur even if the price or level, as the case may be, of the Underlying remains constant.

Potential Investors should be aware that an investment in the Products involves a valuation risk with regard to the Underlying. They should have experience with transactions in Products with a value derived from an underlying. The value of an underlying may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, 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 an underlying does not indicate its future performance. Changes in the market price of an underlying will affect the trading price of the Products, and it is impossible to predict whether the market price of an underlying will rise or fall.

2.3.5 Information with regard to the Underlying

Information with regard to the Underlying consists of extracts from or summaries of information that is publicly available in respect of the Underlying and is not necessarily the latest information available. The Issuer accepts responsibility for accurately extracting and summarizing the underlying information. No further or other responsibility (express or implied) in respect of the underlying information is accepted by the Issuer. The Issuer makes no representation that the underlying information, any other publicly available information or any other publicly available documents regarding the underlying asset, index or other item(s) to which the Products relate are accurate or complete. There can be no assurance that all events occurring prior to the Pricing Date of the relevant Products that would affect the trading price of the underlying asset, index or other item(s) to which the Products relate (and therefore the trading price and value of the Products) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the underlying asset, index or other item(s) to which the Products relate could affect the trading price and value of the Products.

2.3.6 Fluctuations in Market Volatility may affect the Value of Products

Market volatility reflects the degree of instability and expected instability of the performance of the commodity market over time. The level of market volatility is not purely a measurement of the actual market volatility, but is largely determined by the prices for derivative instruments that offer Potential Investors protection against such market volatility. The prices of these instruments are determined by forces such as actual market volatility, expected market volatility, other economic and financial conditions and trading speculations.

2.3.7 Investing in the Products is not the same as Investing in the Underlying

Potential Investors should be aware that the market value of the Products may not have a direct relationship with the value of the Underlying, and changes in the value of the Underlying will not necessarily result in a comparable change in the market value of the Products.

2.3.8 Protection Amount

If and to the extent that a capital protection has been declared applicable in the relevant Final Terms, the Products will be redeemed for an amount no less than the specified protection. A capital protection may apply at a level below, at, or above the Nominal of the Product. The capital protection, if any, will not be due if the Products are redeemed prior to their Redemption Date or upon the occurrence of a Disruption Event or upon the occurrence of a Tax Call. If no capital protection is applicable the full amount invested by the Investor may be lost. Even if a capital protection applies, the return may be less than the capital protection specified on the Final Terms. The payment of the protection amount may be affected by the condition (financial or otherwise) of the Issuer.

2.3.9 Understanding the Exchange Rates

With respect to any Underlying, the exchange rate may by industry practice be commonly expressed as the number of units of one particular currency to the other, and not the reverse, regardless of which of the two currencies is the principal currency or the alternative currency. It is therefore possible, depending on which of a currency forming the Underlying is the principal currency, that a lower numerical exchange rate may indicate a more expensive principal currency. Moreover, the description of an exchange rate as, for example, the "USD/JPY" or "EUR/USD" does not necessarily imply that the rate is expressed in units of the first-named currency per unit of the second-named currency.

2.3.10 Determination of Spot Exchange Rates

There is no centralized market for interbank foreign exchange trading. The Calculation Agent will determine the value of the spot rate based on transactions traded through the Electronic Broking System and Reuters 2002 systems, as well as on transactions traded by the Issuer and its affiliates in the interbank foreign exchange and/or precious metals market. The Calculation Agent will not review any other source of information on transactions in the relevant spot exchange rates.

2.3.11 Investors must be willing and prepared to hold their Product until Maturity

Investors must be willing and prepared to hold their Product until the Expiration Date. The invested amount is protected only if the Investor holds this Product until the Expiration Date. If an Investor sells the Product in the secondary market prior to the Expiration Date, the Investor will not have capital protection on the portion of the Product sold.

2.3.12 Views of the Issuer and Research Reports published by the Issuer

The Issuer and its affiliates from time to time express views on expected movements in foreign currency exchange rates in the ordinary course of their businesses. These views are sometimes communicated to clients who participate in foreign exchange markets. However, these views, depending upon world-wide economic, political and other developments, may vary over differing time-horizons and are subject to change. Moreover, other professionals who deal in foreign currencies may at any time have significantly

different views from the views of the Issuer and its affiliates. Investors must derive information about foreign exchange markets from multiple sources. Investors should investigate the foreign exchange markets and not rely on views which may be expressed by the Issuer or its affiliates in the ordinary course of the Issuers or its affiliates businesses with respect to future exchange rate movements.

The Issuer, or one or more of its affiliates may, at present or in the future, publish research reports with respect to movements in foreign exchange rates generally or in the relevant exchange rate specifically. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Products. Any of these activities may affect the market value of the Products.

2.3.13 Unpredictable Factors

The relevant spot exchange rate may be influenced by unpredictable factors, including fluctuations in currency exchange rates. The value of the Underlying and its spot levels, and, therefore, the investment, may be affected by various and often unpredictable factors, including, but not limited to, the exchange rate and economic, financial, social and political conditions globally and in particular countries. The exchange rate and the liquidity and trading values of, and amounts payable with respect to, the Product may be affected by the actions of sovereign governments that may directly or indirectly impact the Underlying. The market value of the Product may fluctuate between the Trade Date and the Expiration Date at the Expiration Time. The Calculation Agent will determine the settlement on maturity.

2.3.14 No Systematic Reporting of Last-Sale Information for Foreign Currencies

There is no systematic reporting of last-sale information for foreign currencies. Reasonable current bid and offer information is available in certain brokers' offices, in bank foreign currency trading offices, and to others who wish to subscribe for this information, but this information will not necessarily reflect the relevant exchange rate relevant for determining the value of the Products. The absence of last-sale information and the limited availability of quotations to individual investors make it difficult for many Investors to obtain timely, accurate data about the state of the underlying foreign exchange markets.

2.4 Risk Factors relating to the Issuer

2.4.1 Non-reliance on Financial Information of the Issuer

As a global financial services provider, the business activities of the Issuer are affected by the prevailing market situation. Different risk factors can impair the Issuer's ability to implement business strategies and may have a direct, negative impact on earnings. Accordingly, the Issuer's 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 the Issuer's ability to achieve its strategic objectives.

2.4.2 General Insolvency Risk

Each Investor bears the general risk that the financial situation of the Issuer could deteriorate. The Products constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in case of insolvency of the Issuer, rank *pari passu* with each 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.

2.4.3 Effect of Downgrading of the Issuer's Rating

The general assessment of the Issuer's creditworthiness may affect the value of the Products. 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.

2.4.4 Potential Conflicts of Interest

The Issuer and affiliated companies may participate in transactions related to the Products in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Investors and may have a positive or negative effect on the value of the Underlying and consequently on the value of the Products. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Products. 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 Products and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Products, such as Calculation Agent, Paying 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 Products. The Issuer and its affiliated companies may receive non-public information relating to the Underlying, and neither the Issuer nor any of its affiliates undertake to make this information available to Investors. 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 Products.

2.4.5 Disclosure with regard to Fees

Within the context of the offering and sale of the Products, 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 Products, 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 Lead Manager, upon request, will provide information on the amount of these fees.

3. Definitions

Terms, used but not defined in the General Terms and Conditions, shall have the meaning as specified in the relevant Final Terms.

"Business Day"	means in connection with any payment procedure (i) a day on which SIX SIS AG, DTC, Clearstream Luxembourg and Euroclear are open for business, and (ii) foreign exchange markets settle payments in the Settlement Currency.
"Conversion Ratio"	means the number of Underlyings into which a given number of Products may be converted.
"Exchange"	means the stock exchange where the Product is listed, if applicable.
"Disruption Event"	means the occurrence of any of the following events: Price Source Disruption, FX Disruption Event, Market Disruption Event or Settlement Disruption Event.
"Exchange Business Day"	means (i) any Trading Day on which the official closing level of the relevant Underlying is published by the Related Exchange or the Index Sponsor, as the case may be; or (ii) for Products with Commodity Indices as Underlying, any Trading Day on which the official closing level of the Underlying Component is published by the Related Exchange or the Index Sponsor, as the case may be. Subject to the provisions set forth in the section headed '<u>Market Disruption</u>'.
"Index"	means, for Products with an Index as Underlying, the Index as specified in the Final Terms and published by the relevant Index Sponsor.
"Investor"	means the person entitled to the rights conferred by the Products.
"Rating"	means the Rating as specified in the Final Terms which refers to the long-term credit ratings of Moody's, New York, Standard & Poor's, New York, and Fitch Ratings, London.
"Related Exchange(s)"	means the exchange(s) on which the relevant Underlying or its components and relating to Products on Commodity Indices the relevant Underlying Components are traded.

"Scheduled Closing Time"

relating to Products with Commodity Indices as Underlying, means in respect of an Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"Settlement Currency"

means the currency used for the payment of any redemption amount or any other amount.

"Trading Day"

means any day that is a scheduled trading day of the Related Exchange, subject to the provisions set forth in the section headed 'Market Disruption Events'.

"Trading Expiration Time"

means the time on the Expiration Date until which the Products can be traded at the Related Exchange.

"Underlying Component"

relating to Products with Commodity Indices as Underlying, means in respect of each physical commodity comprised in the Index, each exchange traded future or exchange traded option contracts for that physical commodity, as determined by the Calculation Agent.

"Valuation Date"

means the Expiration Date and/or any Observation Date(s).

In relation to a Basket Underlying: If this Date is not an Exchange Business Day for at least one Basket Component, the immediately succeeding Exchange Business Day is deemed to be the relevant Valuation Date in relation to all Basket Components.

4. Terms and Conditions

4.1 Status of the Products/Classification

The Products are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank pari passu with all present and future, unsecured and unsubordinated obligations without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

The Products do not represent a participation in any of the collective investment schemes pursuant to Art. 7 ss of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus are not subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, Investors in the Products are not eligible for the specific investor protection under the CISA.

4.2 Form of securities

The Products may be issued in the form of bearer notes (including global notes) or in form of book-entry securities.

Global notes will be deposited with the SIX SIS AG, the Swiss Securities Service Corporation in Olten (SIS), or such other clearing system or such other respective common depositary as may be relevant for the particular Product. SIS or any other relevant clearing system, as the case may be, will maintain records of the beneficial interests in the global notes. While the notes are represented by one or more global note(s), noteholders will be able to trade their beneficial interests only through SIS or any other relevant clearing system, as the case may be. Noteholders will not be entitled to receive definitive Notes.

In case the Product is issued the form of book-entry securities (Art. 2 lit. d of the Federal Act on Stock Exchanges and Securities Trading of March 24, 1995 (SESTA)), they will be booked in the clearing system of SIS in accordance with an agreement between SIS and the Issuer, according to which SIS maintains publicly available records of the total volume of book-entry securities issued for a certain Product. The productholder's entitlement to the book-entry securities is based on his/her relevant custody account statement. Book-entry securities do not take the form of actual securities but exist purely as book-entries. Book-entry securities may not be assigned or transferred except through transactions settled through SIS in accordance with its relevant rules and procedures. Productholders will not be entitled to receive definitive Notes.

4.3 Adjustments

The scheduled Expiration Date and Time or any other date specified on the Final Terms may become subject to adjustments.

If a date would otherwise fall on a day that is not a Business Day, such date will be the first following day that is a Business Day. In case an Expiration Date and Time is postponed, the Redemption Date will be postponed accordingly.

The Lead Manager shall notify the Investors in accordance with the section headed 'Notices' of any adjustments which have been made. The details of such adjustments will be available for inspection at the offices of the Lead Manager.

4.4 Price Source Disruption Event

It may become impossible to obtain the relevant exchange rate or price during the lifetime of the Product and/or on the Expiration Date and Time due to one or more of the price sources normally used in the relevant market for the Underlying being unavailable because an unscheduled bank closure is declared on short notice in the relevant country or due to the occurrence of any other disruption (each a "Price Source Disruption Event"). The Calculation Agent will determine in good faith whether a Price Source Disruption Event has occurred.

A Price Source Disruption Event may lead to (i) a postponement of the Expiration Date and Time and therefore the redemption payment, (ii) to the use of an alternative source for the relevant exchange rate and or (iii) to the unilateral determination of the applicable exchange rate by the Calculation Agent.

Such postponement, use of alternative price source and/or determination of the applicable exchange rate by the Calculation Agent may affect, materially or otherwise, the Redemption Amount which the Investor will receive.

4.5 Market Disruption Event

4.5.1 If Underlying of Products is related to Commodities (except Commodity Indices)

"Market Disruption Event" means, in relation to Products relating to Commodities or a Basket of Commodities, the occurrence or existence on any Trading Day of any one or more of the following events:

- (i) a limitation, suspension, or disruption of trading in one or more of the component of the Underlying imposed on trading by the relevant Exchange or otherwise and whether by movements in price exceeding limits permitted by the relevant Exchange or otherwise;
- (ii) failure by the applicable Exchange or other price source as applicable to announce or publish the final closing in respect of any underlying component(s);
- (ii) the closure on any Exchange Business Day of any relevant Exchange in respect of a component of the Underlying, prior to its scheduled closing time;
- (iv) any event (other than an early closure as described above) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for any relevant component.

if in the determination of the Lead Manager or Calculation Agent, any such event is material and the disruption affects either

- (i) the Commodities on the Related Exchange; or
- (i) any options contracts or futures contracts relating to the Commodity or the Basket of Commodities, as the case may be, on any exchange on which options contracts or futures contracts on the Commodities are traded.

4.5.2 If Underlying of Products is related to Commodity Indices

"Market Disruption Event" means, in relation to Products with Commodity Indices as Underlying, the occurrence or existence in respect of any Underlying Component on any Trading Day or on any number of consecutive Trading Days any one or more of the following events:

- (i) a limitation, suspension, or disruption of trading in one or more of the Underlying Components imposed on trading by the Related Exchange or otherwise and whether by movements in price exceeding limits permitted by the Related Exchange or otherwise;
- (ii) the settlement price for any Underlying Component is a "limit price", which means that the settlement price for such Underlying Component for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable rules of the Related Exchange;
- (iii) failure by the Related Exchange or other price source as applicable to announce or publish the settlement price in respect of any Underlying Component;
- (iv) the Related Exchange fails to open for trading during its regular trading session;
- (v) the closure on any Exchange Business Day of any Related Exchange in respect of a Underlying Component, prior to its Scheduled Closing Time;
- (vi) any event (other than an early closure as described above) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for any Underlying Component,

if in the determination of the Lead Manager or Calculation Agent, any such event is material.

4.5.3 Consequences of a Market Disruption Event

4.5.3.1 If Underlying of the Products is related to Commodities (except Commodity Indices)

If the Lead Manager or Calculation Agent reasonably determines that a Market Disruption Event has occurred and is continuing on any Valuation Date then the Valuation Date for the relevant Underlying or underlying component shall be postponed to the first following Exchange Business Day on which there is no Market Disruption Event.

In the case of Products with a Basket as Underlying, the Valuation Date for each basket component which is not affected by the Market Disruption Event shall be the originally designated Valuation Date.

If a Market Disruption Event continues for several Trading Days, then the Lead Manager or the Calculation Agent shall determine that the relevant Valuation Date may not be further postponed and fix a Valuation Date, as the case may be, nonetheless continuing Market Disruption Events. The value of affected Underlying(s) shall then be determined by the Lead Manager or Calculation Agent in its sole and absolute discretion but in accordance with established market practice.

In case where a Valuation Date is postponed as a consequence of a Market Disruption Event, the Redemption Date, any coupon payment day or any other date, as applicable, will be postponed accordingly.

Upon the occurrence of a Market Disruption Event, the Lead Manager shall give notice as soon as practicable to the Investors in accordance with the section headed 'Notices' stating that a Market Disruption Event has occurred and providing details thereof. Failure of the Calculation Agent to notify the parties of the occurrence of a Market Disruption Event shall not affect the validity of the occurrence and effect of such Market Disruption Event on the Products.

All determinations made by the Lead Manager or the Calculation Agent pursuant to this section shall be conclusive and binding on the Investor and the Issuer. The Investor will not be entitled to any compensation from the Issuer for any loss suffered as a result of the occurrence of a Market Disruption Event.

4.5.3.2 If Underlying of the Products is related to Commodity Indices

If the Lead Manager or Calculation Agent reasonably determines that a Market Disruption Event has occurred then the level of that Index shall not be determined by reference to the official Closing Level of the Index, if any, announced or published by the Index Sponsor on that Valuation Date, but shall instead be determined by the Calculation Agent as follows:

- (i) with respect to each Underlying Component **not affected** by the occurrence of a Market Disruption Event, the level of the Index will be based on the settlement price of such Underlying Component on the relevant Valuation Date;
- (ii) with respect to each Underlying Component which **is affected** by the occurrence of a Market Disruption Event, the level of the Index will be based on the settlement prices of each such Underlying Component on the first Exchange Business Day following the applicable Valuation Date where there is no such Market Disruption Event with respect to such Underlying Component, provided that, if there is still a Market Disruption Event on the immediately following **eight** Exchange Business Days then the price of such Underlying Component to be used in calculating the level of the Index (which for the avoidance of doubt could be zero) shall be determined by the Calculation Agent in its sole discretion and acting in good faith on the **eighth** Exchange Business Day following the relevant Valuation Date

The Calculation Agent shall determine the level of the Index in respect of the applicable Valuation Date using the settlement prices determined in sub-paragraphs (i) and (ii) above in accordance with the formula for and method of calculating the level of the Index last in effect prior to the occurrence of the Market Disruption Event.

In case where a Valuation Date is postponed as a consequence of a Market Disruption Event, the Redemption Date, any coupon payment day or any other date, as applicable, will be postponed accordingly.

Upon the occurrence of a Market Disruption Event, the Lead Manager shall give notice as soon as practicable to the Investors in accordance with the section headed 'Notices' stating that a Market Disruption Event has occurred and providing details thereof. Failure of the Calculation Agent to notify the parties of the occurrence of a Market Disruption Event shall not affect the validity of the occurrence and effect of such Market Disruption Event on the Products.

All determinations made by the Lead Manager or the Calculation Agent pursuant to this section shall be conclusive and binding on the Investor and the Issuer. The Investor will not be entitled to any compensation from the Issuer for any loss suffered as a result of the occurrence of a Market Disruption Event.

4.6 FX Disruption Event

4.6.1 Meaning of a FX Disruption Event

"FX Disruption Event" means the occurrence of any event on any day or any number of consecutive days as determined by the Calculation Agent in its sole and reasonable discretion that affects the Issuer's currency hedging (if any) with respect to the Products.

4.6.2 Consequences of an FX Disruption Event relating to the Products

Notwithstanding any other provisions contained herein the Calculation Agent may in its sole and reasonable discretion increase or decrease, as the case may be, the Redemption Amount to account for any income, loss, costs (including hedging costs) and expenses that are in the Calculation Agent's sole and reasonable discretion attributable to, or as a result of, the FX Disruption Event.

4.7 Settlement Disruption Event

4.7.1 Meaning of a Settlement Disruption Event

"Settlement Disruption Event" shall mean an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the relevant asset(s) as specified in the relevant Final Terms on the Redemption Date.

4.7.2 Consequences of a Settlement Disruption Event

If the Lead Manager or the Calculation Agent reasonably determines that a Settlement Disruption Event has occurred and is continuing on the Redemption Date, then such Redemption Date shall be postponed to the first Business Day following the termination of the Settlement Disruption Event.

If a Settlement Disruption Event continues for several Business Days, then the Lead Manager or the Calculation Agent shall determine that the Redemption Date may not be further postponed and fix a Redemption Date, as the case may be, despite continuing Settlement Disruption Events. In lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole and absolute discretion but in accordance with established market practice to satisfy and discharge its obligations in respect of the relevant Products.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the relevant assets comprising the redemption entitlement, the Redemption Date for the relevant assets not affected by the Settlement Disruption Event will be the originally designated Redemption Date.

Upon the occurrence of a Settlement Disruption Event, the Lead Manager shall give notice as soon as practicable to the Investors in accordance with the section headed 'Notices' stating that a Settlement Disruption Event has occurred and providing details thereof. Failure of the Calculation Agent to notify the parties of the occurrence of a Settlement Disruption Event shall not affect the validity of the occurrence and effect of such Settlement Disruption Event on the Products.

All determinations made by the Lead Manager or the Calculation Agent pursuant to this section shall be conclusive and binding on the Investor and the Issuer. The Investor will not be entitled to any compensation from the Issuer for any loss suffered as a result of the occurrence of a Settlement Disruption Event.

4.8 Listing

The Listing, if any, of the Products, will be applied for on the relevant Exchange and will be maintained on the relevant Exchange during the life of the Products.

4.9 Taxation/Tax Call

Each Investor shall assume and be responsible for any and all taxes, duties, fees and charges imposed on or levied against (or which could be imposed on or levied against) such Investor in any jurisdiction or by any governmental or regulatory authority.

The Issuer and the Paying Agent shall have the right, but not the duty, to withhold or deduct from any amounts otherwise payable to the Investor such amount as is necessary for the payment of any such taxes, duties, fees and/or charges.

In any case where any governmental or regulatory authority imposes on the Issuer the obligation to pay any such taxes, duties, fees and/or charges the Investor shall promptly reimburse the Issuer.

Potential Investors should inform themselves with regard to any tax consequences particular to their circumstances arising in the jurisdiction in which they are resident or domiciled for tax purposes in connection with the acquisition, ownership, redemption or disposal by them of any Products.

The Issuer may redeem all Products in case any present or future taxes, duties or governmental charges would be imposed by any jurisdiction in which the Issuer is or becomes subject to tax as a result of any change in laws or regulations of the relevant jurisdiction. The Lead Manager shall as soon as practicable notify the Investors of such redemption pursuant to the section headed 'Notices'.

4.10 Further Issues

The Issuer reserves the right to issue at any time, without consent of the Investors, further Products ranking pari passu with previously issued Products.

4.11 Severability and Amendment of Terms and Conditions

In the event any term or condition is, or becomes invalid, the validity of the remaining terms and conditions shall in no manner be affected thereby.

The Issuer shall be entitled to amend any term or condition for the purpose of clarifying any uncertainty, or correcting or supplementing the provisions herein in such manner as the Issuer deems necessary or desirable, provided that the Investor does not incur significant financial loss as a consequence thereof.

However, the Issuer shall at all times be entitled to amend any terms or conditions where, and to the extent, the amendment is necessitated as a consequence of legislation, decisions by courts of law, or decisions taken by governmental authorities.

4.12 Calculation

The Calculation Agent's calculations and determinations hereunder shall (save in the case of manifest error) be final and binding on the Investors. The Calculation Agent will have no responsibility for good faith errors or omissions in calculation of the value of the Underlying as provided herein.

The Investors shall not be entitled to make any claim against the Issuer in the case where the related exchange or any third party shall have made any misstatement as to the Underlying.

4.13 Substitution

The Issuer may at any time and from time to time, without the consent of the Investors, substitute for itself as obligor under the Products any affiliate, branch, subsidiary or holding company of UBS AG (the "New Issuer") provided that (i) the New Issuer shall assume all obligations that the Issuer owes to the Investors under or in relation to the Products, and (ii) such New Issuer shall at all times after such substitution have either:

- a credit rating equivalent to or better than the Issuer, or
- its obligations to Investors under the Products guaranteed by the Issuer.

If such substitution occurs, then any reference in the Product Documentation to the Issuer shall be construed as a reference to the New Issuer. Any substitution will be promptly notified to the Investor in accordance with the section headed 'Notices'. In connection with any exercise by the Issuer of the right of substitution, the Issuer shall not be obliged to carry any consequences suffered by individual Investors as a result of the exercise of such right and, accordingly, no Investor shall be entitled to claim from the Issuer any indemnification or repayment with respect of any consequence.

4.14 Illegality

If the Issuer determines that the performance of its obligations under the Products or that any arrangements made to hedge the Issuer's obligations have become illegal in whole or in part for any reason, the Issuer may cancel the Products by providing notice to Investors in accordance with the section headed 'Notices'.

If the Issuer cancels the Products then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Investor in respect of each Product held by an Investor. The amount shall be the fair market value of a Product less the costs incurred by the Issuer when unwinding any underlying related hedging arrangements, all as determined by the Lead Manager or Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as will be notified to the Investors in accordance with the section headed 'Notices'.

4.15 Notices

4.15.1 To the Issuer

Notice may be given to the Issuer by delivering such notice in writing to UBS at Bahnhofstrasse 45, P.O.Box, CH-8098 Zurich or such other address as may be notified to the Investors in accordance with this section.

4.15.2 To the Investors

As long as the Products are listed on the official list of the Luxembourg Stock Exchange, notices to Investors will be published in a Luxembourgish Newspaper having general circulation (e.g. Luxemburger Wort) and/or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

4.16 Statutory Period of Limitation

In accordance with Swiss law, claims of any kind against the Issuer in connection with the Products for, inter alia, payment of any amount, or, if applicable, delivery of any Underlying will be prescribed 10 years after the date on which the early or regular redemption of the Products (whichever is applicable), has become due.

4.17 Proceeds from the Sale of Products

The net proceeds from the sale of the Products will amount to approximately **USD 81,000,000** and will be used by the Issuer for general corporate purposes. The Issuer has taken the necessary steps to secure its obligations. **The issue of these Products was authorised on the Issue Date by two officers of the Issuer.**

4.18 Applicable Law and Jurisdiction

The form and contents of the Products are subject to and governed by Swiss law. Exclusive place of jurisdiction for all disputes affecting the Products and the rights and obligations attached thereto shall be Zurich, Switzerland.

Description of UBS AG

based on the second quarter 2009 report

(Amended on 12 and 20 August in section 3.4)

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1. Overview

UBS AG ("UBS AG" or "UBS" or the "Issuer" or the "Company") with its subsidiaries, is, according to its own opinion, one of the world's leading financial firms, serving a discerning international client base. UBS is, according to its own opinion, a leading global wealth manager, one of the world's premier investment banking and securities firms with a strong institutional and corporate client franchise, one of the leading global asset managers and the market leader in Swiss commercial and retail banking. On 30 June 2009, UBS employed 71,806 people¹. With headquarters in Zurich and Basel, Switzerland, UBS operates in over 50 countries and from all major international centers.

UBS is, according to its own opinion, one of the best-capitalized financial institutions in the world. On 30 June 2009 the BIS Tier1² ratio was 13.2%, invested assets stood at CHF 2,250 billion, equity attributable to UBS shareholders was CHF 33,545 million and market capitalization was CHF 42,872 million.

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 fulfill 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. UBS currently has long-term senior debt ratings of A+ from Standard & Poor's, Aa2 from Moody's³ and A+ from Fitch.

¹ Full-time equivalents.

² 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.

³ On 15 June 2009, Moody's placed UBS's long-term senior debt rating on review for possible downgrade.



2. 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 Code of Obligations 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's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8098 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 SIX Swiss Exchange, the New York Stock Exchange and 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. Business Overview

3.1 Business divisions and Corporate Center

Organizationally, UBS has operated throughout 2008 as a Group with three business divisions (Global Wealth Management & Business Banking, Global Asset Management and the Investment Bank) and a Corporate Center. As announced on 10 February 2009, Global Wealth Management & Business Banking has been divided into two business divisions: Wealth Management & Swiss Bank and Wealth Management Americas. Each of the business divisions and the Corporate Center is described below. A full description of their strategies, organization, products, services and markets (under the 2008 structure) can be found in the restated Annual Report 2008 of UBS AG published on 20 May 2009 (the "Annual Report 2008"), in the English version on pages 74–115 (inclusive).

3.1.1 Wealth Management & Swiss Bank

Wealth Management & Swiss Bank caters to high net worth and ultra high net worth individuals around the world (except those served by Wealth Management Americas) whether they are investing internationally or in their home country. UBS offers these clients a complete range of tailored advice and investment services. Its Swiss Bank business provides a complete set of banking services for Swiss individual and corporate clients.

3.1.2 Wealth Management Americas

Wealth Management Americas provides advice-based relationships through its financial advisors who deliver a fully integrated set of products and services specifically designed to address the needs of high net worth and ultra high net worth individuals and families. It includes the former Wealth Management US business area, as well as the domestic Canadian and Brazilian (UBS Pactual) businesses and international business booked in the United States.

3.1.3 Global Asset Management

Global Asset Management is one of the world's leading asset managers, providing investment solutions to private clients, financial intermediaries and institutional investors worldwide. It offers diverse investment capabilities and investment styles across all major traditional and alternative asset classes. Specialist equity, fixed income, currency, hedge fund, real estate, infrastructure and private equity investment capabilities can also be combined in multi-asset strategies.

3.1.4 Investment Bank

The Investment Bank provides securities and other financial products and research in equities, fixed income, rates, foreign exchange and precious metals. It also provides advisory services as well as access to the world's capital markets for corporate, institutional, intermediary and alternative asset management clients.

3.1.5 Corporate Center

The Corporate Center ensures that all business divisions operate as a coherent and effective whole by providing and managing support and control functions for the business divisions and the Group in such areas as risk management and control, finance, legal and compliance, marketing and communications, funding, capital and balance sheet management, management of foreign currency earnings, human resources, information technology infrastructure and service centers.

3.2 Organizational Structure of the Issuer

The objective of UBS's group structure is to support the business activities of the Company within an efficient legal, tax, regulatory and funding framework. None of the individual business divisions of UBS or the Corporate Center are legally independent entities; instead, they primarily 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 divisions 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 legal, tax or regulatory provisions or newly acquired companies, these tasks are performed on location by legally independent Group companies. UBS's significant subsidiaries are listed in the Annual Report 2008, in English, on pages 347-350 (inclusive).

3.3 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.

3.4 Recent Developments

On 4 August 2009 UBS reported a second quarter 2009 net loss attributable to UBS shareholders of CHF 1,402 million compared with a net loss of CHF 1,975 million in first quarter. This result was mainly driven by lower losses on risk positions from businesses now exited or in the process of being exited by the Investment Bank. Results were significantly affected by an own credit charge of CHF 1,213 million, restructuring charges of CHF 582 million and a goodwill impairment charge of CHF 492 million related to the announced sale of UBS Pactual. Net new money outflows totaled CHF 16.5 billion for Wealth Management & Swiss Bank, CHF 5.8 billion for Wealth Management Americas and CHF 17.1 billion for Global Asset Management. UBS further reduced risk exposures and its balance sheet during second quarter 2009. As of 30 June 2009 UBS had a BIS tier 1 ratio of 13.2% and BIS total capital ratio of 17.7%, including the effect of the capital increase completed on 30 June 2009.



Agreement to resolve the John Doe summons matter: On August 12 2009 the US government informed the US District Court of the Southern District of Florida that all parties have reached an agreement to resolve the John Doe summons matter and that they have initialed the final documentation. The hearing scheduled for 17 August will be removed from the court's calendar, and immediately after the formal signing has occurred, the parties will file the agreed upon stipulation of dismissal with the court.

On August 19, UBS AG announced the formal signing of a settlement agreement with the US Internal Revenue Service (IRS) regarding the John Doe summons issued on 21 July 2008. The summons has been the subject of a civil action in the United States District Court of the Southern District of Florida. The principal terms of this settlement agreement and the related agreement entered into at the same time by the governments of Switzerland and the United States are described below:

The agreement does not call for any payment by UBS. Moreover, it resolves all issues relating to the alleged breaches of UBS's Qualified Intermediary Agreement with the IRS as set forth in the Notice of Default dated 15 May 2008.

As part of the settlement, the parties will promptly file a stipulation with the court to dismiss the enforcement action relating to the John Doe summons.

In accordance with the separate agreement between the United States and Switzerland, the IRS will submit a request for administrative assistance pursuant to the existing US-Switzerland Double Taxation Treaty to the Swiss Federal Tax Administration (SFTA). This request will seek information relating to certain accounts of US persons maintained at UBS in Switzerland. It is expected that approximately 4,450 accounts will be provided to the SFTA in response to this treaty request. The SFTA will decide which of those accounts should be disclosed to the IRS, and such decisions will be subject to judicial review.

UBS is required to provide information on the accounts covered by the treaty request to the SFTA and to send notices to affected US persons encouraging them to take advantage of the IRS's voluntary disclosure practice and to instruct UBS to send their account information and documentation to the IRS. The US government will withdraw the John Doe summons with prejudice as to all accounts not covered by the treaty request no later than 31 December 2009, provided that UBS has complied with those obligations that are required to be performed by that date.

The US government will withdraw the John Doe summons with prejudice as to the remaining accounts – those subject to the treaty request - no later than 24 August 2010 upon the actual or anticipated delivery to the IRS of information relating to accounts covered by the treaty request that does not differ significantly from the expected results. In addition, the summons will be withdrawn with prejudice as to those remaining accounts if at any time on or after 1 January 2010 the IRS has received information relating to at least 10,000 accounts of US persons maintained at UBS in Switzerland. The sources of such information include, in addition to the treaty request itself, the IRS's voluntary disclosure practice, client instructions to UBS to send account information to the IRS and the Deferred Prosecution Agreement.

If neither of these events were to occur by 24 August 2010, the two governments would confer and consult in order to consider alternative mechanisms for achieving the expected levels of account information exchange expected to occur through the treaty request. Possible measures will not impose any financial or new, non-financial obligations on UBS. If these efforts were not



successful, the John Doe summons could remain in place beyond 24 August 2010 as to the portion of the accounts covered by the treaty request that have not otherwise been disclosed to the IRS.

On August 19, the Swiss Confederation (the "Confederation") has announced its intention to exercise its right to convert all CHF 6 billion of its holding of UBS Mandatory Convertible Notes due 2011 ("MCNs") and to place with institutional investors the newly issued UBS shares received upon conversion.

Upon conversion of the MCNs, as described under 3.4 above, UBS will issue 332,225,913 new shares with a nominal value of CHF 0.10 each from existing conditional capital. As a result, the share capital of UBS will increase from currently CHF 322,583,859.90 to CHF 355,806,451.20. Conversion and the capital increase are expected to take place on 25 August 2009.

Further, in connection with the conversion of the MCNs, the Confederation will waive its right to receive future coupons on the converted MCNs for a cash amount of approximately CHF 1.8 billion, (the "Coupon Consideration"), representing the present value of the future coupon payments. The Coupon Consideration is expected to be paid on 25 August 2009.

Upon conversion, the liability relating to the principal value of the MCNs and the negative replacement value relating to the embedded options of the MCNs will be transferred to equity, increasing the book value of UBS's capital by a corresponding amount. Conversion will have no impact on UBS's regulatory capital. The Coupon Consideration does not differ materially in amount from the book value of the relevant liability held in UBS's balance sheet as at 30 June 2009. The Coupon Consideration will, therefore, have no material impact on UBS's profit and loss account for the third quarter of 2009. However, the Coupon Consideration will reduce UBS's Tier 1 ratio by approximately 60 basis points based on risk-weighted assets as at 30 June 2009. As at 30 June 2009, UBS had accrued charges of approximately CHF 400 million to its regulatory capital account in respect of the coupon liability. The balance of unaccrued liability of approximately CHF 1.4 billion will therefore be charged to regulatory capital.

For a description of certain other recent developments through the date of publication of UBS's second quarter 2009 report (4 August 2009), refer to the "Recent Developments" section of that report, on page 7.

3.5 Trend Information (Outlook)

Market conditions improved steadily during the second quarter, with asset prices rising as investor confidence began to return in many credit and equity markets. In spite of these positive economic signs, the overall economic environment in most of the regions in which we operate remains recessionary. Sustainable recovery is not yet visible. We have seen increased activity levels among our wealth management clients, whose investment behavior appears progressively less risk averse. This should improve the fee earning potential of our wealth and asset management businesses. For our investment banking businesses, the current positive momentum in the equity markets provides a good backdrop for improvement in our equities and investment banking franchises. Credit markets are also buoyant, but our restrictive allocation of balance sheet and other resources to many of our fixed income businesses reflects our conservative view on risk taking as those businesses rebuild. Overall, our outlook remains cautious, consistent with our view that economic



recovery will be constrained by low credit creation and the structural weaknesses in consumers' and governments' balance sheets.

4. Administrative, Management and Supervisory Bodies of the Issuer

4.1 Details of the Executive and Supervisory Bodies of the Company

UBS operates under a strict dual board structure, as mandated by Swiss banking law. 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 Organization Regulations of UBS AG with their annexes govern all details as to authorities and responsibilities of the two bodies. Please refer to www.ubs.com/governance.

4.1.1 Board of Directors

The BoD is the most senior body of UBS. The BoD consists of at least six and a maximum of 12 members. All the members of the BoD are elected individually by the annual general meeting for a term of office of one year⁴. The BoD itself then appoints its Chairman, one or more vice chairmen, the deputy, the senior independent director and the chairpeople and members of the various BoD committees (audit committee; corporate responsibility committee; governance and nominating committee; human resources and compensation committee; risk committee and strategy committee).

The BoD has ultimate responsibility for the success of UBS and delivering sustainable shareholder value within a framework of prudent and effective controls which enables risk to be assessed and managed. The BoD sets UBS's strategic aims, ensures that the necessary financial and human resources are in place for UBS to meet its objectives and reviews management performance. The BoD sets UBS's values and standards and ensures that its obligations to its shareholders and others are met. The BoD's proposal for election of members of the BoD must be such that three quarters of the members will, following election, be independent. While the Chairman does not need to be independent, at least one of the vice-chairmen must be. 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-8098 Zurich, Switzerland.

⁴ At the annual general meeting on 23 April 2008 the shareholders reduced the term of office for the members of the BoD from three years to one year. As a result, the new members were elected for one year. For existing members the one-year term starts from the point at which they are re-elected.

Board of Directors of UBS AG

The BoD consists of twelve members:

	Title	Term of office	Position outside UBS AG
Kaspar Villiger	Chairman	2010	None
Sergio Marchionne	Independent vice chairman / Senior independent director	2010	CEO and member of the supervisory board of Fiat S.p.A., Turin; CEO of Fiat Group Automobiles; Chairman of SGS, Geneva; member of the BoD of Philip Morris International Inc., New York; member of Acea (European Automobile Manufacturers Association); Chairman of CNH Case New Holland Global N.V., Amsterdam.
Sally Bott	Member	2010	Group HR Director and member of the Group Executive Committee of BP Plc; member of the board of the Royal College of Music in London; member of the board of the Carter Burden Center for the Aged in NYC.
Michel Demaré	Member	2010	CFO and member of the Group Executive Committee of ABB; president of Global Markets at ABB; member of the foundation board of IMD, Lausanne.
Rainer-Marc Frey	Member	2010	Founder and Chairman of Horizon21; member of the BoD of DKSH Group, Zurich; member of the advisory board of Invision Private Equity AG, Zug; member of the BoD of the Frey Charitable Foundation, Freienbach.
Bruno Gehrig	Member	2010	Vice chairman of the BoD of Roche Holding AG, Basel; Chairman of the Swiss Air Transport Foundation, Zug.
Ann F. Godbehere	Member	2010	Non executive director of Prudential Plc; member of the board of the Lloyd's managing agency Atrium Underwriters Group Ltd.; member of the board of Ariel Holdings.
Axel P. Lehmann	Member	2010	Group Chief Risk Officer and member of the Group Executive Committee of Zurich Financial Services (Zurich); responsible for Group IT at Zurich; Chairman of the board of the Institute of Insurance Economics at the University of St. Gallen.
Helmut Panke	Member	2010	Member of the BoD of Microsoft Corporation, Redmond, WA (USA); member of the supervisory board of Bayer AG (Germany); member of the BoD of the American Chamber of Commerce in Germany.
William G. Parrett	Member	2010	Independent director of Eastman Kodak Co., Blackstone Group LP and Thermo Fisher Scientific Inc., USA; Chairman of the BoD of the United

			States Council for International Business and of United Way of America; member of the board of trustees of Carnegie Hall; member of the Executive Committee of the International Chamber of Commerce.
David Sidwell	Member	2010	Director of the Federal National Mortgage Association Fannie Mae; trustee of the International Accounting Standards Committee Foundation, London; Chairman of the BoD of Village Care of New York; director of the National Council on Aging.
Peter R. Voser	Member	2010	CEO and executive BoD member of Royal Dutch Shell plc, London; member of the BoD of the Swiss Federal Auditor Oversight Authority.

4.1.2 Group Executive Board

Under the leadership of the Group Chief Executive Officer (the "Group CEO"), the GEB has executive management responsibility for UBS Group and its business. It assumes overall responsibility for the development and implementation of the strategies for the Group and the business divisions. All GEB members (with the exception of the Group CEO) are proposed by the Group CEO and the BoD approves the appointments of the Group CEO, the Group Chief Operating Officer, the Group Chief Financial Officer, the Group Chief Risk Officer and the Group General Counsel; the human resources and compensation committee approves all other GEB members.

The business address of the members of the GEB is UBS AG, Bahnhofstrasse 45, CH-8098 Zurich, Switzerland.

Group Executive Board of UBS AG

The GEB consists of thirteen members:

Oswald J. Grübel	Group Chief Executive Officer
John Cryan	Group Chief Financial Officer
Markus U. Diethelm	Group General Counsel
John A. Fraser	Chairman and Chief Executive Officer Global Asset Management
Marten Hoekstra	Chief Executive Officer Wealth Management Americas
Carsten Kengeter	co-CEO Investment Bank
Ulrich Körner	Group Chief Operating Officer and Chief Executive Officer Corporate Center
Philip J. Lofts	Group Chief Risk Officer
Francesco Morra	Chief Executive Officer Switzerland, Wealth Management & Swiss Bank
Alexander Wilmot-Sitwell	co-CEO Investment Bank
Robert Wolf	Chairman and Chief Executive Officer, UBS Group Americas / President Investment Bank
Chi-Won Yoon	Chairman and Chief Executive Officer, Asia Pacific

Jürg Zeltner	Chief Executive Officer Wealth Management Global, Wealth Management & Swiss Bank
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No member of the GEB has any significant business interests outside the Bank.

4.1.3 Potential conflicts of interest

Members of the BoD and GEB may act as directors or executive officers of other companies (for current positions outside UBS (if any), please see above under "Board of Directors of UBS AG") and may have economic or other private interests that differ from those of UBS. Potential conflicts of interest may arise from these positions or interests. UBS is confident that its internal corporate governance practices and its compliance with relevant legal and regulatory provisions reasonably ensure that any conflicts of interest of the type described above are appropriately managed, including disclosure when appropriate.

4.2 Auditors

On 15 April 2009, the annual general meeting of UBS reelected Ernst & Young Ltd., Aeschengraben 9, 4002 Basel, Switzerland, as auditors for the financial statements of UBS and the consolidated financial statements of the UBS Group for a further one-year term, in accordance with Swiss company law and banking law provisions. Ernst & Young Ltd., Basel, is a member of the Swiss Institute of Certified Accountants and Tax Consultants based in Zurich, Switzerland.

4.3 Major Shareholders of the Issuer

The ownership of UBS shares is broadly dispersed. As at 30 June 2009, Chase Nominees Ltd., London, was registered with a 7.80% holding (31 December 2008: 7.19%, 31 December 2007: 7.99%) of total share capital held in trust for other investors. As at 30 June 2009, the US securities clearing organization DTC (Cede & Co.) New York, "The Depository Trust Company", held 8.75% (31 December 2008: 9.89%, 31 December 2007: 14.15%) of total share capital in trust for other beneficiaries. Pursuant to UBS's provisions on registration of shares, the voting rights of nominees are limited to 5%. This regulation does not apply to securities clearing and settlement organizations. On 30 June 2009, no other shareholder had reported holding 3% or more of all voting rights. Only shareholders registered in the share register as shareholders with voting rights are entitled to exercise voting rights.

As of 30 June 2009, UBS held a stake of UBS registered shares, which corresponds to less than 3.00% of the total share capital of UBS AG.

As of 19 June 2009 UBS had disposal positions relating to 976,366,123 shares of UBS AG, corresponding to 33.29% of the total share capital of UBS AG. These positions included the number of shares of UBS AG to be issued upon the future conversion of (i) the Mandatory Convertible Notes issued in March 2008 to the Government of Singapore Investment Corporation Pte. Ltd, Singapore, and an investor from the Middle East, and (ii) the Mandatory Convertible Notes issued in December 2008 to the Swiss Confederation. Correspondingly, as of 15 July 2008, the Government of Singapore Investment Corporation Pte. Ltd reported in a filing with the US Securities and Exchange Commission that it held 240,223,963 UBS shares, including 228,832,951 shares to be received upon conversion of the MCN, and as of 26 November 2008, the Swiss Confederation held acquisition positions relating to 329,447,681 shares of UBS AG.



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 Annual Report 2008, in English, on pages 195-198 (inclusive) and on the website of UBS AG (http://www.ubs.com/1/e/investors/shareholder_details/distribution.html).

5. 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, for financial year 2007, in the Annual Report 2007 of UBS AG, 4 Financial Statements, in English, which were restated on 14 April 2008 (see (iv) below) and, for financial year 2008, in the Annual Report 2008, as restated on 20 May 2009, Financial Information, in English. The Issuer's financial year is the calendar year.

In the case of financial year 2007 reference is made to

- (i) the Financial Statements of UBS AG (Group), in particular to the Income Statement of UBS AG (Group) on page 18, the Balance Sheet of UBS AG (Group) on page 19, the Statement of Cash Flows of the UBS AG (Group) on pages 23 - 24 (inclusive) and the Notes to the Financial Statements on pages 25 - 120 (inclusive), and
- (ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement of UBS AG (Parent Bank) on page 125, the Balance Sheet of UBS AG (Parent Bank) on page 126, the Statement of Appropriation of Retained Earnings of UBS AG (Parent Bank) on page 127, the Notes to the Financial Statements on page 128 and the Parent Bank Review on page 124, and
- (iii) the section entitled "Accounting Standards and Policies" on pages 3 - 8 (inclusive) in the Annual Report 2007 of UBS AG, 4 Financial Statements.
- (iv) In January 2008, the International Accounting Standards Board (IASB) issued an amendment to IFRS 2 Share-based Payment. The amended standard, entitled IFRS 2 Sharebased Payment: Vesting Conditions and Cancellations, is effective 1 January 2009 (early adoption permitted). The new standard clarifies the definition of vesting conditions and the accounting treatment of cancellations. UBS early adopted this amended standard as of 1 January 2008. Under the amended standard, UBS is required to distinguish between vesting conditions (such as service and performance conditions) and non-vesting conditions. The amended standard no longer considers vesting conditions to include certain non-compete provisions. The impact of this change is that UBS compensation awards are expensed over the period that the employee is required to provide active services in order to earn the award. Post-vesting sales and hedge restrictions and non-vesting conditions are considered when determining grant date fair value. Following adoption of this amendment, UBS fully restated the two comparative prior years (2006 and 2007). The effect of the restatement on the opening balance sheet at 1 January 2006 was as follows: reduction of retained earnings by approximately CHF 2.3 billion, increase of share premium by approximately CHF 2.3 billion, increase of liabilities (including deferred tax liabilities) by approximately CHF 0.5 billion, and increase of deferred tax assets by approximately CHF 0.5 billion. Net profits attributable to UBS shareholders declined by CHF 863 million in 2007 and by CHF 730 million in 2006. Additional compensation expense of CHF 797 million and CHF 516 million was recognized in 2007 and 2006, respectively. This additional compensation expense includes awards granted in 2008 for the performance year 2007. The impact of the restatement on total equity as of 31 December 2007 was a

decrease of CHF 366 million. Retained earnings at 31 December 2007 decreased by approximately CHF 3.9 billion, share premium increased by approximately CHF 3.5 billion, liabilities (including deferred tax liabilities) increased by approximately CHF 0.6 billion and deferred tax assets increased by approximately CHF 0.2 billion. The restatement decreased basic and diluted earnings per share for the year ended 31 December 2007 by CHF 0.40 each and for the year ended 31 December 2006 by CHF 0.33 and CHF 0.31, respectively. In order to provide comparative information, these amounts also reflect the retrospective adjustments to shares outstanding in 2007 due to the capital increase and the share dividend paid in 2008. The additional compensation expense is attributable to the acceleration of expense related to share-based awards as well as for certain alternative investment vehicle awards and deferred cash compensation awards which contain non-compete provisions and sale and hedge restrictions that no longer qualify as vesting conditions under the amended standard.

Reference is also made to the Consolidated Financial Statements (restated) of UBS AG for the financial year 2007, in particular the Income Statement of UBS AG (Group) on page F-31, the Balance Sheet of UBS AG (Group) on page F-32, the Statement of Cash Flows of UBS AG (Group) on pages F-37 - F-38 (inclusive) and the Notes to the Financial Statements on pages F-39 - F-139 (inclusive). Moreover, reference is made to the Annual Report 2008 of UBS AG, Financial Information.

In the case of financial year 2008 reference is made to

- (i) the Financial Statements of UBS AG (Group), in particular to the Income Statement of UBS AG (Group) on page 256, the Balance Sheet of UBS AG (Group) on page 257, the Statement of Cash Flows of the UBS AG (Group) on pages 261 - 262 (inclusive) and the Notes to the Financial Statements on pages 263 - 370 (inclusive), and
- (ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement of UBS AG (Parent Bank) on page 372, the Balance Sheet of UBS AG (Parent Bank) on page 373, the Statement of Appropriation of Retained Earnings of UBS AG (Parent Bank) on page 373, the Notes to the Financial Statements of UBS AG (Parent Bank) on pages 374 – 389 (inclusive) and to the Parent Bank Review on page 371, and
- (iii) the sections entitled "Accounting Principles" on page 245 and "Critical Accounting Policies" on pages 246-250 (inclusive) in the Annual Report 2008 of UBS AG, as restated on 20 May 2009, Financial Information, in English.

The annual financial reports form an essential part of UBS's reporting. They include the audited Consolidated Financial Statements of UBS Group, prepared in accordance with International Financial Reporting Standards ("IFRS") and the audited financial statements of UBS AG (Parent Bank), prepared according to Swiss banking law provisions. The financial statements also include certain additional disclosures required under Swiss and US regulations. The annual reports also include discussions and analysis of the financial and business results of UBS, its business divisions and the Corporate Center.

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 2007 and 2008. The report of the auditors of UBS AG (Parent Bank) can be found on page 140 of the Annual Report 2007 of UBS AG, 4 Financial Statements, in English and on pages 390-391 of the Annual Report 2008 of UBS AG, Financial Information, in English. The report of the auditors of UBS AG (Group) can be

found on pages 16-17 (inclusive) of the Annual Report 2007 of UBS AG, 4 Financial Statements, in English, and on pages F-29 – F-30 (inclusive) of the Consolidated Financial Statements (restated) of UBS AG for the financial year 2007, in English and on pages 254 – 255 (inclusive) of the Annual Report 2008 of UBS AG, Financial Information, in English.

Reference is also made to UBS's first and second quarter 2009 reports, which contain information on the financial condition and the results of operation of UBS Group as of 31 March 2009 and 30 June 2009 respectively. The interim financial statements are not audited.

All relevant financial information contained in the 2007 and 2008 annual reports as well as in UBS's first and second quarter 2009 reports (including the relevant notes thereto), as well as the "Risk Factors" section of the Annual Report 2008, as restated on 20 May 2009, in English, on pages 23-27, form an integral component of this document, and are therefore fully incorporated in this document.

5.1 Legal and Arbitration Proceedings

The UBS Group operates in a legal and regulatory environment that exposes it 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, including numerous disputes and legal proceedings arising directly or indirectly out of the credit crisis. Such cases are subject to many uncertainties, and their outcome is often difficult to predict, including the impact on operations or on the financial statements, 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 into a settlement even though UBS denies any wrongdoing. The Group makes provisions for cases brought against it when after seeking legal advice, in the opinion of management, it is probable that a liability exists, and the amount can be reasonably estimated.

Certain potentially significant legal proceedings within the last 12 months until the date of this document are described below:

- a) Tax shelter investigation: In connection with a criminal investigation of tax shelters, the United States Attorney's Office for the Southern District of New York (US Attorney's Office) continues to examine certain tax-oriented transactions in which UBS and others engaged between 1996 and 2000. UBS is continuing to cooperate in this investigation and with the IRS in the related civil litigation.
- b) Municipal Bonds: In November 2006, UBS and others received subpoenas from the US Department of Justice, Antitrust Division, and the US Securities and Exchange Commission (SEC) seeking information relating to the investment of proceeds of municipal bond issuances and associated derivative transactions. Both investigations are ongoing, and UBS is cooperating. In addition, various state Attorneys General have issued subpoenas seeking similar information. In the SEC investigation, on 4 February 2008, UBS received a "Wells notice" advising that the SEC staff is considering recommending that the SEC bring a civil action against UBS AG in connection with the bidding of various financial instruments associated with municipal securities.

- c) HealthSouth: UBS is defending itself in two putative securities class actions brought to the US District Court for the Northern District of Alabama by holders of stocks and bonds in HealthSouth Corp. A class has been certified in the stockholder action. UBS is seeking leave to appeal that ruling. In October 2008, UBS agreed to settle derivative litigation brought on behalf of HealthSouth in Alabama State Court. Due to existing insurance coverage this settlement had no impact on UBS's result in 2008.
- d) Parmalat: UBS has been facing multiple proceedings arising out of the Parmalat insolvency. In June 2008, UBS settled all civil claims brought by Parmalat and its administrator for EUR 185 million. Certain other civil claims by third parties have automatically terminated as a result of termination of criminal proceedings in Milan and Parma (with the exception of some costs issues which are the subject of appeals to Court of Cassation). A joint offer by UBS (and two other banks) has also been made to all retail bondholder and shareholder third party claimants. A very large proportion of this category of claimants has now accepted the offer. If 100% of this class accepts the offer, UBS would have to make a further payment of approximately EUR 18.5 million.
- e) Auction Rate Securities: UBS was sued by four state regulatory authorities and was the subject of investigations by the SEC and other regulators, relating to the marketing and sale of auction rate securities (ARSs) to clients and to UBS's role and participation in ARS auctions and underwriting of ARSs. UBS was also named in several putative class actions and individual civil suits and a large number of individual arbitrations. The regulatory actions and investigations and the civil proceedings followed the disruption in the markets for these securities and related auction failures since mid-February 2008. Plaintiffs and the regulators generally sought rescission, i. e., for UBS to purchase the ARSs that UBS sold to them at par value, as well as compensatory damages, disgorgement of profits and in some cases penalties. On 8 August 2008, UBS entered into settlements in principle with the SEC, the New York Attorney General (NYAG) and other state agencies represented by the North American Securities Administrators Association (NASAA), whereby UBS agreed to offer to buy back ARSs from eligible customers within certain time periods, the last of which begins on 30 June 2010, and to pay penalties of USD 150 million (USD 75 million to the NYAG, USD 75 million to the other states). UBS subsequently finalized its settlement with the State of Massachusetts, the SEC and the NYAG, and is continuing to finalize agreements with the other state regulators. UBS's settlement is largely in line with similar industry regulatory settlements. The NYAG and SEC continue to investigate individuals affiliated with UBS who traded in ARSs or who had responsibility for disclosures.
- f) US Cross-Border: UBS AG has been responding to a number of governmental inquiries and investigations relating to its cross-border private banking services to US private clients during the years 2000-2007. On 18 February 2009, UBS announced that it had entered into a Deferred Prosecution Agreement (DPA) with the US Department of Justice Tax Division (DOJ) and the United States Attorney's Office for the Southern District of Florida, and a Consent Order with the SEC relating to these investigations. As part of these settlement agreements, among other things: (i) UBS will pay a total of USD 780 million to the United States, USD 380 million representing disgorgement of profits from maintaining the US cross-border business and USD 400 million representing US federal backup withholding tax required to be withheld by UBS, together with interest and penalties, and restitution for unpaid taxes associated with certain account relationships involving fraudulent sham and nominee offshore structures and otherwise as covered by the DPA; (ii) UBS will complete the exit of the US cross-border business out of non-SEC registered entities, as announced in July 2008, which these settlements permit UBS to do in a lawful, orderly and expeditious manner; (iii) UBS will

implement and maintain an effective program of internal controls with respect to compliance with its obligations under its Qualified Intermediary (QI) Agreement with the Internal Revenue Service (IRS), as well as a revised legal and compliance governance structure in order to strengthen independent legal and compliance controls; and (iv) pursuant to an order issued by the Swiss Financial Market Supervisory Authority (FINMA), information was transferred to the DOJ regarding accounts of certain US clients as set forth in the DPA who, based on evidence available to UBS, appear to have committed tax fraud or the like within the meaning of the Swiss-US Double Taxation Treaty. Pursuant to the DPA, the DOJ has agreed that any further prosecution of UBS will be deferred for a period of at least 18 months, subject to extension under certain circumstances such as UBS needing more time to complete the implementation of the exit of its US cross-border business. If UBS satisfies all of its obligations under the DPA, the DOJ will refrain permanently from pursuing charges against UBS relating to the investigation of its US crossborder business. As part of the SEC resolution, the SEC filed a Complaint against UBS in US Federal District Court in Washington, D.C., charging UBS with acting as an unregistered broker-dealer and investment advisor in connection with maintaining its US cross-border business. Pursuant to the Consent Order, UBS did not admit or deny the allegations in that Complaint, and consented to the entry of a final judgment that provides, among other things, that: (i) UBS will pay USD 200 million to the SEC, representing disgorgement of profits from the US crossborder business (this amount is included in, and not in addition to, the USD 780 million UBS is paying to the United States as described above); and (ii) UBS will complete its exit of the US cross-border business and will be permanently enjoined from violating the SEC registration requirements by providing broker-dealer or investment advisory services to US persons through UBS entities not registered with the SEC. The District Court entered the final judgment on 19 March 2009. The DOJ and SEC agreements did not resolve the "John Doe" summons which the IRS served on UBS in July 2008. In this regard, on 19 February 2009, the Civil Tax Division of the DOJ filed a civil petition for enforcement of this summons in US Federal District Court in Miami, through which it seeks an order directing UBS to produce information located in Switzerland regarding US clients who have maintained accounts with UBS in Switzerland without providing a Form W-9. The DPA preserves UBS's ability to fully defend its rights in connection with the IRS's enforcement effort. UBS believes that it has substantial defenses, including that complying with the summons would constitute a violation of Swiss financial privacy laws, and intends to vigorously contest the enforcement of the summons. The litigation could result in the imposition of substantial fines, penalties and / or other remedies (due to a possible finding of contempt of court). In addition, pursuant to the DPA, should UBS fail to comply with a final US court order directing it to comply with the summons after fully exhausting all rights to appeal, the DOJ may, after certain conditions have been satisfied, choose to pursue various remedies available for breach of the DPA. This may include charging UBS with conspiracy to commit tax fraud. On 13 July 2009, the District Court entered an order, on joint motion by UBS and the US government, which motion was also supported by the Swiss government as *amicus curiae*, staying the litigation of the matter and granting a continuance of the evidentiary hearing that was set to begin on that day. The Court set the evidentiary hearing for 3 and 4 August. On 31 July, the U.S. Government informed the Court that the parties have reached an agreement in principle on the major issues and expect to resolve the remaining issues in the coming week. The hearing scheduled for 3 and 4 August has been postponed twice and is now scheduled for 17 August, and the Court has scheduled a status conference for 12 August. Also on 18 February 2009, FINMA published the results of the now concluded investigation conducted by the Swiss Federal Banking Commission (SFBC). The SFBC concluded, among other things, that UBS violated the requirements for proper business conduct under Swiss banking law and issued an order barring UBS from providing services to US resident private clients out of non-SEC registered

entities. Further, the SFBC ordered UBS to enhance its control framework around its cross-border businesses, and announced that the effectiveness of such framework will be audited. Following the disclosure of the US cross-border matter and the settlements with the DOJ and the SEC, tax and regulatory authorities in a number of jurisdictions have expressed an interest in understanding the cross-border wealth management services provided by UBS and other financial institutions. It is premature to speculate on the outcome of any such inquiries.

- g) **Matters Related to the Credit Crisis:** UBS is responding to a number of governmental inquiries and investigations, and is involved in a number of litigations, arbitrations and disputes, related to the credit crisis, and in particular US mortgage-related securities and related structured transactions and derivatives. These matters concern, among other things, UBS's valuations, disclosures, writedowns, underwriting, and contractual obligations. In particular, UBS has been in regular communication with, and responding to inquiries by FINMA, its home country consolidated regulator, as well as the SEC, the Financial Industry Regulatory Authority (FINRA) and the United States Attorney's Office for the Eastern District of New York (USAO), regarding some of these issues and others, including the role of internal control units, governance and processes around risk control and valuation of mortgage-related instruments, compliance with public disclosure rules, and the business rationales for the launching and the reintegration of Dillon Read Capital Management (DRCM). FINMA concluded its investigation in October 2008, but the investigations by the SEC, FINRA and the USAO are ongoing.
- h) **Claims Related to UBS Disclosure:** A putative consolidated class action was filed against UBS and a number of current and former directors and senior officers in the Southern District of New York alleging securities fraud in connection with the firm's disclosures relating to its losses in the subprime mortgage markets, its losses and positions in auction rate securities, and its US cross-border business. Defendants have moved to dismiss the complaint for lack of jurisdiction and for failure to state a claim. In February and March 2009, two additional securities fraud class actions were filed in the Southern District of New York against UBS and various senior executives and directors alleging that defendants made materially misleading disclosures concerning UBS's US cross-border wealth management business. By order dated 7 April 2009, these two actions were consolidated with the pending shareholder class action. UBS and a number of senior officers and directors have also been sued in a consolidated class action brought on behalf of holders of UBS ERISA retirement plans in which there were purchases of UBS stock. UBS has moved to dismiss the ERISA complaint for failure to state a claim.
- i) **Madoff:** In relation to the Madoff investment fraud, UBS, UBS (Luxembourg) SA and certain other UBS subsidiaries are responding to inquiries by a number of regulators, including FINMA and the Luxembourg Commission de Surveillance du Secteur Financier (CSSF). The CSSF has made inquiries concerning two third-party funds established under Luxembourg law the assets of which were managed by Bernard L. Madoff Investment Securities LLC (BMIS) (as well as certain funds established under offshore jurisdictions with either direct or indirect exposure to BMIS), and which now face severe losses. The last reported net asset value of the two Luxembourg funds before revelation of the Madoff scheme was approximately USD 1.7 billion in the aggregate. The documentation establishing both funds identifies UBS entities in various roles including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members. On 25 February 2009, the CSSF issued a communiqué with respect to the larger of the two funds, stating that UBS (Luxembourg) SA had failed to comply with its due diligence responsibilities as custodian bank. The CSSF ordered UBS (Luxembourg) SA to review its infrastructure and

procedures relating to its supervisory obligations as custodian bank, but did not order it to compensate investors. On 25 May 2009, UBS (Luxembourg) SA submitted a comprehensive final report to the CSSF, which resulted in the CSSF publishing a new communiqué saying that UBS (Luxembourg) SA has provided evidence demonstrating that it has the infrastructure and internal organization in place in accordance with professional standards applicable to custodian banks in Luxembourg. A large number of alleged beneficiaries have filed claims against UBS entities for purported losses relating to the Madoff scheme. Further, certain clients of UBS Sauerborn (the KeyClient segment of UBS Deutschland AG) are exposed to Madoff-managed positions through third-party funds and funds administered by UBS Sauerborn.

Besides the proceedings specified above under (a) through (i) no governmental, legal or arbitration proceedings, which may significantly affect the Issuer's financial position, are or have been pending, nor is the Issuer aware that any such governmental, legal or arbitration proceedings are threatened.

5.2 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.

5.3 Significant Changes in the Financial Situation of the Issuer

There has been no material change in the financial position of the Issuer since the publication of UBS's second quarter report (not audited) for the period ending 30 June 2009.

5.4 Documents on Display

- The restated Annual Report of UBS AG as at 31 December 2007, comprising (i) 1 Strategy, Performance and Responsibility, (ii) 2 Risk, Treasury and Capital Management, (iii) 3 Corporate Governance and Compensation Report, (iv) 4 Financial Statements (including the "Report of the Group Auditors – Independent Registered Public Accounting Firm, Consolidated Financial Statements " and the "Report of the Statutory Auditors");
- The Consolidated Financial Statements (restated) of UBS AG for the financial year 2007 (including the "Report of the Group Auditors"), published in the securities prospectus dated 23 May 2008 for the Offering of 760,295,181 Registered Shares of UBS AG;
- The Annual Report of UBS AG as of 31 December 2008, as restated on 20 May 2009, comprising (i) Strategy, performance and responsibility, (ii) UBS business divisions and Corporate Center (iii) Risk and treasury management, (iv) Corporate governance and compensation, (v) Financial information (including the "Report of the Statutory Auditor and the Independent Registered Public Accounting Firm on the Consolidated Financial Statements" and the "Report of the Statutory Auditor on the Financial Statements");
- the Review 2007 and 2008 and the Compensation Report 2008;



- The quarterly reports of UBS AG as at 31 March 2009 and 30 June 2009; 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 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.

Selected Financial Data

Income statement

CHF million, except per share data	Note	For the year ended		% change from	
		31.12.08	31.12.07	31.12.06	31.12.07
Continuing operations					
Interest income	3	65,890	109,112	87,401	(40)
Interest expense	3	(59,687)	(103,775)	(80,880)	(42)
Net interest income	3	6,203	5,337	6,521	16
Credit loss (expense) / recovery		(2,996)	(238)	156	
Net interest income after credit loss expense		3,207	5,099	6,677	(37)
Net fee and commission income	4	22,929	30,634	25,456	(25)
Net trading income	3	(25,818)	(8,353)	13,743	(209)
Other income	5	884	4,341	1,608	(80)
Total operating income		1,201	31,721	47,484	(96)
Personnel expenses	6	16,262	25,515	24,031	(36)
General and administrative expenses	7	10,498	8,429	7,942	25
Depreciation of property and equipment	15	1,241	1,243	1,244	0
Impairment of goodwill	16, 38	341	0	0	
Amortization of intangible assets		213	276	148	(23)
Total operating expenses		28,555	35,463	33,365	(19)
Operating profit from continuing operations before tax		(27,353)	(3,742)	14,119	(631)
Tax expense	22	(6,837)	1,369	2,998	
Net profit from continuing operations		(20,517)	(5,111)	11,121	(301)
Discontinued operations					
Profit from discontinued operations before tax	37	198	145	888	37
Tax expense	22	1	(258)	(11)	
Net profit from discontinued operations		198	403	899	(51)
Net profit		(20,319)	(4,708)	12,020	(332)
Net profit attributable to minority interests		568	539	493	5
from continuing operations		520	539	390	(4)
from discontinued operations		48	0	103	
Net profit attributable to UBS shareholders		(20,887)	(5,247)	11,527	(298)
from continuing operations		(21,037)	(5,650)	10,731	(272)
from discontinued operations		150	403	796	(63)
Earnings per share					
Basic earnings per share (CHF)	8	(7.54)	(2.42)	5.19	(212)
from continuing operations		(7.60)	(2.61)	4.83	(191)
from discontinued operations		0.05	0.19	0.36	(74)
Diluted earnings per share (CHF)	8	(7.55)	(2.43)	4.99	(211)
from continuing operations		(7.60)	(2.61)	4.64	(191)
from discontinued operations		0.05	0.19	0.34	(74)

Income statement

CHF million, except per share data	Note	For the quarter ended			% change from		Year-to-date	
		30.6.09	31.3.09	30.6.08	1Q09	2Q08	30.6.09	30.6.08
Continuing operations								
Interest income	3	6,035	7,645	17,530	(21)	(66)	13,680	37,752
Interest expense	3	(4,892)	(5,746)	(16,294)	(15)	(70)	(10,638)	(34,837)
Net interest income	3	1,143	1,899	1,236	(40)	(8)	3,042	2,915
Credit loss (expense) / recovery		(388)	(1,135)	(19)	(66)		(1,523)	(329)
Net interest income after credit loss expense		755	764	1,217	(1)	(38)	1,519	2,586
Net fee and commission income	4	4,502	4,241	6,221	6	(28)	8,744	12,436
Net trading income	3	220	(630)	(3,549)			(410)	(15,175)
Other income	5	292	595	94	(51)	211	887	103
Total operating income		5,770	4,970	3,984	16	45	10,740	(50)
Personnel expenses	6	4,578	3,963	4,612	16	(1)	8,542	9,887
General and administrative expenses	7	1,699	1,635	2,831	4	(40)	3,334	5,074
Depreciation of property and equipment		284	253	277	12	3	537	558
Impairment of goodwill		492	631	341	(22)	44	1,123	341
Amortization of intangible assets		39	45	49	(13)	(20)	84	98
Total operating expenses		7,093	6,528	8,110	9	(13)	13,621	15,957
Operating profit from continuing operations before tax		(1,323)	(1,558)	(4,126)	15	68	(2,881)	(16,008)
Tax expense		(208)	294	(3,829)		95	86	(4,126)
Net profit from continuing operations		(1,115)	(1,852)	(297)	40	(275)	(2,967)	(11,882)
Discontinued operations								
Profit from discontinued operations before tax		7	11	59	(36)	(88)	17	179
Tax expense		0	0	1		(100)	0	1
Net profit from discontinued operations		7	11	58	(36)	(88)	17	178
Net profit		(1,108)	(1,842)	(239)	40	(364)	(2,949)	(11,703)
Net profit attributable to minority interests		294	133	156	121	88	427	309
from continuing operations		290	128	155	127	87	418	262
from discontinued operations		4	5	1	(20)	300	9	47
Net profit attributable to UBS shareholders		(1,402)	(1,975)	(395)	29	(255)	(3,376)	(12,012)
from continuing operations		(1,405)	(1,980)	(452)	29	(211)	(3,385)	(12,144)
from discontinued operations		3	5	57	(40)	(95)	8	132
Earnings per share								
Basic earnings per share (CHF)	8	(0.39)	(0.56)	(0.15)	30	(160)	(0.96)	(4.96)
from continuing operations		(0.40)	(0.57)	(0.17)	30	(135)	(0.96)	(5.02)
from discontinued operations		0.00	0.00	0.02		(100)	0.00	0.05
Diluted earnings per share (CHF)	8	(0.39)	(0.57)	(0.16)	32	(144)	(0.96)	(4.98)
from continuing operations		(0.40)	(0.57)	(0.18)	30	(122)	(0.96)	(5.03)
from discontinued operations		0.00	0.00	0.02		(100)	0.00	0.05

Balance sheet

CHF million	Note	31.12.08	31.12.07	% change from 31.12.07
Assets				
Cash and balances with central banks		32,744	18,793	74
Due from banks	9	64,451	60,907	6
Cash collateral on securities borrowed	10	122,897	207,063	(41)
Reverse repurchase agreements	10	224,648	376,928	(40)
Trading portfolio assets	11	271,838	660,182	(59)
Trading portfolio assets pledged as collateral	11	40,216	114,190	(65)
Positive replacement values	23	854,100	428,217	99
Financial assets designated at fair value	12	12,882	11,765	9
Loans	9	340,308	335,864	1
Financial investments available-for-sale	13	5,248	4,966	6
Accrued income and prepaid expenses		6,141	11,953	(49)
Investments in associates	14	892	1,979	(55)
Property and equipment	15	6,706	7,234	(7)
Goodwill and intangible assets	16	12,935	14,538	(11)
Other assets	17, 22	19,094	20,312	(6)
Total assets		2,015,098	2,274,891	(11)
Liabilities				
Due to banks	18	125,628	145,762	(14)
Cash collateral on securities lent	10	14,063	31,621	(56)
Repurchase agreements	10	102,561	305,887	(66)
Trading portfolio liabilities	11	62,431	164,788	(62)
Negative replacement values	23	851,803	443,539	92
Financial liabilities designated at fair value	19	101,546	191,853	(47)
Due to customers	18	474,774	641,892	(26)
Accrued expenses and deferred income		10,196	22,150	(54)
Debt issued	19	197,254	222,077	(11)
Other liabilities	20, 21, 22	34,040	61,496	(45)
Total liabilities		1,974,296	2,231,065	(12)
Equity				
Share capital		293	207	42
Share premium		25,250	12,433	103
Net income recognized directly in equity, net of tax		(4,471)	(1,161)	(285)
Revaluation reserve from step acquisitions, net of tax		38	38	0
Retained earnings		14,892	35,795	(58)
Equity classified as obligation to purchase own shares		(46)	(74)	38
Treasury shares		(3,156)	(10,363)	70
Equity attributable to UBS shareholders		32,800	36,875	(11)
Equity attributable to minority interests		8,002	6,951	15
Total equity		40,802	43,826	(7)
Total liabilities and equity		2,015,098	2,274,891	(11)

Balance sheet

				% change from
CHF million	30.6.09	31.3.09	31.12.08	31.12.08
Assets				
Cash and balances with central banks	37,668	39,005	32,744	15
Due from banks	49,882	56,434	64,451	(23)
Cash collateral on securities borrowed	99,546	109,805	122,897	(19)
Reverse repurchase agreements	203,366	205,574	224,648	(9)
Trading portfolio assets	231,694	246,980	271,838	(15)
Trading portfolio assets pledged as collateral	53,910	42,300	40,216	34
Positive replacement values	542,541	753,618	854,100	(36)
Financial assets designated at fair value	12,073	12,615	12,882	(6)
Loans	315,837	344,134	340,308	(7)
Financial investments available-for-sale	5,429	5,098	5,248	3
Accrued income and prepaid expenses	6,455	6,916	6,141	5
Investments in associates	877	907	892	(2)
Property and equipment	6,560	6,809	6,706	(2)
Goodwill and intangible assets	11,602	13,040	12,935	(10)
Deferred tax assets	8,764	8,933	8,880	(1)
Assets of disposal groups held for sale	5,723			
Other assets	7,946	9,157	9,931	(20)
Total assets	1,599,873	1,861,326	2,014,815	(21)
Liabilities				
Due to banks	108,746	116,623	125,628	(13)
Cash collateral on securities lent	10,868	13,230	14,063	(23)
Repurchase agreements	97,916	90,269	102,561	(5)
Trading portfolio liabilities	52,833	53,115	62,431	(15)
Negative replacement values	523,589	734,196	851,864	(39)
Financial liabilities designated at fair value	104,841	99,371	101,546	3
Due to customers	446,116	466,484	474,774	(6)
Accrued expenses and deferred income	8,475	8,211	10,196	(17)
Debt issued	170,552	208,578	197,254	(14)
Liabilities associated with disposal groups held for sale	3,431			
Other liabilities	30,951	31,543	33,965	(9)
Total liabilities	1,558,317	1,821,620	1,974,282	(21)
Equity				
Share capital	323	293	293	10
Share premium	27,549	23,519	25,250	9
Net income recognized directly in equity, net of tax	(4,120)	(3,482)	(4,335)	5
Revaluation reserve from step acquisitions, net of tax	38	38	38	0
Retained earnings	11,111	12,512	14,487	(23)
Equity classified as obligation to purchase own shares	(56)	(31)	(46)	(22)
Treasury shares	(1,299)	(1,567)	(3,156)	59
Equity attributable to UBS shareholders	33,545	31,283	32,531	3
Equity attributable to minority interests	8,011	8,423	8,002	0
Total equity	41,556	39,706	40,533	3
Total liabilities and equity	1,599,873	1,861,326	2,014,815	(21)

Incorporation by Reference

The audited consolidated financial statements of the Issuer for the years ended 31 December 2006, 31 December 2007 and 31 December 2008 as well as the interim financials as per 30 June 2009 are incorporated by reference in this Prospectus.

So long as the Products are listed on the official list of the Luxembourg Stock Exchange, the audited consolidated and non consolidated annual financial statements for the years ended 31 December 2006, 31 December 2007 and 31 December 2008, of the Issuer may be obtained free of charge from the offices of the Lead Manager. The Issuer publishes unaudited consolidated and non-consolidated quarterly financial statements for the four three month periods ended 31 March, 30 June, 30 September and 31 December and audited annual consolidated and non-consolidated financial statements for the years ended 31 December. The future consolidated and non-consolidated annual audited financial accounts and future consolidated and non-consolidated quarterly non-audited financial accounts of the Issuer will be available at the offices of the Lead Manager.

So long as the Certificates are listed on the official list of Luxembourg Stock Exchange, the articles of association of the Issuer will be available free of charge at the office of Lead Manager.

Any statement contained in this Prospectus or in a document incorporated or deemed incorporated by reference into this Prospectus will be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in any subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Prospectus, except as modified or superseded.

You may request a copy, at no cost, of any or all of the documents that are incorporated by reference into this prospectus, excluding exhibits (other than those that we specifically incorporate by reference into the documents that you request) by contacting UBS AG, orally or in writing, at the following address:

UBS AG
Investor Relations G41B
P.O. Box
CH-8098 Zurich
Switzerland
Phone: ++41-44-234 41 00
Fax: ++41-44-234 34 15

Documents incorporated by reference will be also published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

PERFORMANCE OF THE UNDERLYING

The highest and lowest prices of the Underlying for 2006, 2007 and 2008 are set out below

Year	High	Low
2006	1.3368	1.1802
2007	1.4967	1.2868
2008	1.6038	1.2330

The highest and lowest levels for each of the past months of **2009** are set out below:

Month	High	Low
January	1.4058	1.2764
February	1.3093	1.2513
March	1.3738	1.2457
April	1.3582	1.2886
May	1.4169	1.3213
June	1.4338	1.3749
July	1.4304	1.3833

(data source: Bloomberg)

The closing price of the Underlying on 14 August 2009 was 1.4203.

Registered Offices of the Issuer

UBS AG

Bahnhofstrasse 45,
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Switzerland
and
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CH-4051 Basel
Switzerland

Paying Agent

UBS AG, acting through UBS Investment Bank

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Switzerland

Issuer's Auditors

Ernst & Young Ltd.

Aeschengraben 9
CH-4002 Basel
Switzerland