



UBS AG

(incorporated with limited liability in Switzerland)

Euro Note Programme

Arranger

UBS Investment Bank

Under this Euro Note Programme (the “Programme”), UBS AG (the “Issuer”) (acting through its London branch (“UBS AG London Branch”), its Jersey branch (“UBS AG Jersey Branch”), its Australian branch (“UBS AG, Australia Branch”), UBS AG, Basel and Zurich (“UBS Switzerland”) or any of its other branches outside Switzerland as it may from time to time determine (together with UBS AG London Branch, UBS AG Jersey Branch and UBS AG, Australia Branch, each a “Branch”)) may from time to time issue notes (the “Notes”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The Issuer together with its subsidiaries is referred to herein as “UBS Group”.

Application has been made to the Irish Financial Services Regulatory Authority (the “IFSRA”), as competent authority under the Prospectus Directive, for the Base Prospectus to be approved. Such approval relates only to the Notes which are to be admitted to trading on the Regulated Market (as defined below) or other regulated market for the purposes of Directive 93/22/EEC or which are to be offered to the public in any member state of the European Economic Area. There can be no assurance that any such admission to trading will be obtained. Application has been made to the Irish Stock Exchange Limited (the “Irish Stock Exchange”) for Notes issued under the Programme during the 12 months from the date of the Base Prospectus to be admitted to the Official List and to be listed on the Regulated Market of the Irish Stock Exchange. References in the Base Prospectus to “Irish Stock Exchange” (and all related references) shall mean the Regulated Market. In addition, references in the Base Prospectus to the Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on and are listed on the Irish Stock Exchange or, as the case may be, an FIMD Regulated Market (as defined below). The Regulated Market of the Irish Stock Exchange is a regulated market for the purposes of Directive 93/22/EEC (the “Financial Instrument Markets Directive”) and each such regulated market being an “FIMD Regulated Market”.

Application will be made to the Financial Services Authority (“FSA”) for the Notes to be admitted to the official list (the “Official List”) of the United Kingdom Listing Authority (“UKLA”) and to the London Stock Exchange plc (the “London Stock Exchange”) for Notes to be admitted to trading on the regulated market of the London Stock Exchange. The IFSRA has been requested to provide the FSA (in its capacity as the United Kingdom’s competent authority for the purposes of the Prospectus Directive) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.

Application will be made to list the Notes issued under the Programme on the official list of the Luxembourg Stock Exchange and for Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange. The IFSRA has been requested to provide the Luxembourg *Commission de Surveillance du Secteur Financier* (“CSSF”) (in its capacity as Luxembourg’s competent authority for the purposes of the Prospectus Directive) with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive. This document constitutes a base prospectus for the purposes of the Prospectus Directive.

For each issue of Notes which is issued under the Programme, final terms will be prepared which contain the information required to complete the base prospectus for the relevant issue (“Final Terms”). In relation to each issue of Notes issued under the Programme, this Base Prospectus should be read in connection with the relevant Final Terms. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed .

The Issuer has confirmed to the dealers (the “Dealers”) named under “Selling Restrictions” that (i) this Base Prospectus is true and accurate in all material respects and not misleading; (ii) there are no other facts in relation to the information contained or incorporated by reference in this Base Prospectus the omission of which would, in the context of the issue of the Notes, make any statement in the Base Prospectus misleading in any material respect; and (iii) all reasonable enquiries have been made to verify the foregoing. The Issuer has further confirmed to the Dealers that, in relation to any Notes issued under the Programme, this Base Prospectus (together with the relevant Final Terms) contains all such information as investors and their professional advisers would reasonably require, and reasonably expect to find, for the purpose of making an informed assessment of the assets and liabilities, profits and losses and financial position of the Issuer and its subsidiaries and of the rights attaching to the relevant Notes.

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer has not authorised the making of any representation, or the provision of information, regarding the Issuer or the Notes other than as contained in the Base Prospectus or the relevant Final Terms or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Dealers or any of them.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Dealers, that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes, should subscribe for or purchase any Notes or (iii) should be considered as the provision of “financial product advice” for the purposes of Chapter 7 of the Corporations Act 2001 of Australia (“Corporations Act”). Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

The distribution of this Base Prospectus and any Final Terms and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see “Selling Restrictions” and the relevant Final Terms. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to US persons. Neither this Base Prospectus nor any Final Terms may be used for the purpose 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 an offer or solicitation.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may not include Notes in bearer form that are subject to US Tax Law requirements. Accordingly, the Notes are being offered and sold only (A) in registered form in the United States to “Qualified Institutional Buyers” (as defined in Rule 144A under the Securities Act (“Rule 144A”)) in reliance on Rule 144A and (B) in registered or bearer form outside the United States (as such term is defined in Regulation S under the Securities Act (“Regulation S”)) to non-US persons in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A. See “Selling Restrictions”.

For as long as any of the Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer has agreed that it will, during any period in which it is neither subject to the reporting requirements of Section 13 to 15(d) under the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”) nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any person in whose name such restricted securities are registered, to any owner of a beneficial interest in such restricted securities, and to any prospective purchaser of such restricted securities or beneficial interest therein designated by any such person or beneficial owner, in connection with resale of a beneficial interest in such restricted securities by such person or beneficial owner, as the case may be, the information specified in Rule 144A(d)(4) under the Securities Act. This covenant is intended for the benefit of the holders, and prospective purchasers designated by such holders, from time to time of beneficial interests in the Notes.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY

PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

All references in this document to “Member State” refer to a Member State of the European Economic Area, those to “US dollars”, “USD” and “US\$” refer to the currency of the United States of America, those to “Japanese Yen” and “JPY” refer to the currency of Japan, those to “Pounds sterling” and “GBP” refer to the currency of the United Kingdom, those to “Swiss francs” and “CHF” refer to the currency of Switzerland, those to “Australian dollars”, “AUD” and “A\$” refer to the currency of Australia and those to “euro” and “€” refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may outside Australia (and on a market operated outside Australia) and in accordance with all applicable laws over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall, as against the Issuer, be for the amount of the Stabilising Manager(s).

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Programme Summary

This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. No civil liability attaches to the Issuer solely on the basis of the summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Words and expressions defined in the “General Terms and Conditions of the Notes” below or elsewhere in this Base Prospectus have the same meanings in this summary.

ESSENTIAL CHARACTERISTICS AND RISKS ASSOCIATED WITH THE ISSUER

The legal and commercial name of the company is UBS AG. The company was formed on 29 June 1998, when Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872) merged to form UBS.

UBS is one of the world’s leading financial firms, serving a discerning global client base. As an organisation, it combines financial strength with a global culture that embraces change. As an integrated firm, UBS creates added value for clients by drawing on the combined resources and expertise of all its businesses.

On 31 March, 2007, UBS employed around 80,000 people. With headquarters in Zurich and Basel, Switzerland, UBS operates in over 50 countries and from all major international centres.

UBS is one of the best-capitalised financial institutions in the world, with a BIS Tier 1 ratio of 11.7 per cent., invested assets of CHF 3,112 billion, equity attributable to UBS shareholders of CHF 51,606 million and market capitalisation of roughly CHF 149,157 million on 31 March, 2007.

ESSENTIAL CHARACTERISTICS AND RISKS ASSOCIATED WITH THE NOTES

The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in any currency (including euro) agreed between the Issuer and the relevant Dealer. The Notes may be issued in registered or bearer form, with or without interest coupons, in denominations of not less than €1,000 (or nearly equivalent in another currency), if they are to be listed on a regulated market or admitted to listing, trading and/or quotation in a member state of the European Union.

The aggregate principal amount, any interest rate or interest calculation, the issue price, maturity and any other terms and conditions not contained herein with respect to each Series of Notes will be established at the time of issuance and set forth in the applicable Final Terms.

The Notes issued under the Programme are unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. The Notes may be subordinated or senior obligations of the Issuer and will have the benefit of the events of default set out in the “General Terms and Conditions of the Notes”.

The Notes may be redeemed prior to maturity at par or at such other Redemption Amount as may be specified in the Final Terms.

The Notes may be offered for sale only (i) in the United States to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A or (ii) outside the United States to non-U.S. persons in reliance on and in accordance with Regulation S and in accordance with applicable laws.

Application has been made for the Notes issued under the Programme to be admitted to trading on the Irish Stock Exchange’s regulated market. However, Notes may also be issued under the Programme on an unlisted basis or be admitted to listing, trading and/or quotation by other stock exchanges, listing authorities and/or quotation systems, and the Final Terms applicable to a Series will specify whether or not Notes of such Series have been admitted to trading on the Irish Stock Exchange’s regulated market or admitted to listing, trading and/or quotation by any other stock exchange, listing authority and/or quotation system.

The Notes shall be accepted for clearing through one or more clearing systems as specified in the applicable Final Terms. These systems shall include, in the United States, the systems operated by DTC and, outside the

United States, the systems operated by Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt. Because the Global Notes are to be held by or on behalf of DTC, Euroclear, Clearstream, Luxembourg, Clearstream, Frankfurt, and SIS SegalInterSettle AG investors will have to rely on their procedures for transfer, payment and communications with the Issuer.

There is no active trading market for the Notes unless, in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued.

Documents Incorporated by Reference

The following documents are incorporated in and taken to form part of this Base Prospectus:

- (a) the Issuer's Annual Report on Form 20-F for the years ended 31 December 2005 and 2006, which the Issuer filed with the United States' Securities Exchange Commission (the "SEC") on 21 March 2006 and 21 March 2007 respectively;
- (b) the Issuer's submissions on Forms 6-K, which the Issuer filed with the SEC on 13 February 2007, 22 March 2007 and 3 May 2007;
- (c) all amendments and supplements to this Base Prospectus prepared by the Issuer from time to time; and
- (d) all documents issued by the Issuer and stated to be incorporated in this Base Prospectus by reference including, in the case of any Series of Notes, any relevant Final Terms.

These documents have been filed with the Irish Stock Exchange in accordance with the Prospectus Directive.

Any statement contained in this Base Prospectus or in a document incorporated or deemed incorporated by reference into this Base Prospectus will be deemed to be modified or superseded for the purposes of this Base 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 Base Prospectus, except as modified or superseded.

The Issuer has undertaken, in connection with the admission to trading of the Notes that if while the Notes are outstanding and admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or to listing on the Official List of the UKLA and to trading on the regulated market of the London Stock Exchange and/or to trading on the Irish Stock Exchange's regulated market there shall occur any significant new factor which is not reflected in the Base Prospectus (or any supplements thereto or any of the documents incorporated by reference in the Base Prospectus) and/or there shall be any material mistake or inaccuracy relating to the information included in the Base Prospectus (or any supplements thereto or any of the documents incorporated by reference in the Base Prospectus), in each case which is capable of affecting the assessment of the Notes, the Issuer will prepare or procure the preparation of any amendment or supplement to this Base Prospectus or, as the case may be, publish a new Base Prospectus for use in connection with any subsequent offering by the Issuer of Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or to listing on the Official List of the UKLA and to trading on the regulated market of the London Stock Exchange and/or the Irish Stock Exchange's regulated market.

The Issuer will, at the specified offices of the Paying Agent in Luxembourg, provide, free of charge, upon the oral or written request, a copy of this Base Prospectus (or any document incorporated by reference in this Base Prospectus). Written or oral requests for such documents should be directed to the specified office of the Listing Agent in Luxembourg.

The reports filed with the SEC can be reviewed and copied at the SEC's office at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of those reports can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Reports filed with the SEC can also be accessed at <http://www.sec.gov> via the internet (the information contained on this website does not form part of this Base Prospectus).

Key Features of the Programme

The following information is only a summary of the key features of the Programme. To determine the terms and conditions which apply to any issue of Notes it is necessary to read the general terms and conditions (see “General Terms and Conditions”) and the relevant Final Terms which will contain the specific terms and conditions of the relevant issue.

Issuer	UBS AG, acting through its London Branch, its Jersey Branch, its Australian Branch, UBS Switzerland or UBS AG, acting through such other of its branches outside Switzerland as it shall determine from time to time.
Programme Arranger and Authorised Adviser	UBS Limited
Dealers	UBS Limited UBS Securities LLC UBS AG Other dealers may be appointed from time to time by the Issuer either generally for the Programme or in relation to a particular Series or Tranche of Notes.
Agent	HSBC Bank plc
Luxembourg Listing Agent	Dexia Banque Internationale à Luxembourg S.A.
Irish Listing Agent	UBS Limited
Irish Paying Agent	HBSC Institutional Trust Services (Ireland) Limited
Registrar	U.S. Bank Trust National Association
Programme Amount	The aggregate principal amount outstanding under the Programme at any time is unlimited.
Form of Notes	The Notes may be issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”). Unless otherwise specified in the relevant Final Terms, Bearer Notes may be exchanged for Registered Notes, however, Registered Notes may not be exchanged for Bearer Notes. Notes may be issued in global form or definitive form. The term “Notes” refers to Bearer Notes and Registered Notes and to Notes in definitive or global form.
Bearer Notes	Unless otherwise specified in the Final Terms, each Tranche of Bearer Notes may initially be represented by any one or more of (i) one or more temporary global Notes or, (ii) one or more permanent global Notes which will be issued in new global note (“New Global Note”) form. If the Final Terms specify that the New Global Note form is not applicable, then the Bearer Note will be a classic global note (“Classic Global Note”). In the case of Bearer Notes initially represented by a temporary or permanent global Note, if the Final Terms specify that the New Global Note form is not applicable, the global Note will be deposited with a depositary for one, or a common depositary for more than one, clearing system, including Euroclear Bank S.A./N.V. (“Euroclear”), Clearstream Banking, <i>société anonyme</i> (“Clearstream, Luxembourg”), Clearstream Banking AG (“Clearstream, Frankfurt”) and SIS SegaInterSettle AG, Olten, Switzerland (“SIS”). Otherwise, if the Final Terms specify that the New Global Note form is applicable, each global Note will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Temporary global Notes will be exchanged for either (i) a permanent global Note which will be held by a depositary for

one, or a common depositary or common safekeeper for more than one, clearing system, or (ii) definitive Notes, in accordance with the provisions set out in the relevant temporary global Note. A permanent global Note may be exchanged for definitive Notes only in accordance with the provisions set out in the relevant permanent global Note. Bearer Notes are subject to US tax law requirements. See “Selling Restrictions” below.

Notes that are initially deposited with a common depositary or a common safekeeper may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear, Clearstream, Luxembourg or any accounts held with other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Since 1 January 2007 the central banking system for the euro (the “Eurosystème”) ceased to accept bearer debt securities in Classic Global Note form as eligible collateral for the Eurosystème’s monetary policy and intra-day credit operations by the Eurosystème. The New Global Note form has been introduced so that Notes may continue to be issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the Eurosystème and intra-day credit operations by the Eurosystème either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystème eligibility criteria at the relevant time.

Notes denominated in Swiss Francs and listed on the main segment of the SWX Swiss Exchange (“Swiss Franc Notes”) will be represented exclusively by a permanent global Note which shall be deposited with SIS or such other depositary as may be approved by the Admission Board of the SWX Swiss Exchange. The permanent global Note will be exchangeable for definitive Notes only if the Principal Swiss Paying Agent should deem, after consultation with the Issuer, the printing of definitive notes to be necessary or useful, or if applicable laws and regulations in connection with the enforcement of the rights of noteholders, or if the Principal Swiss Paying Agent at any time at its discretion determines to have definitive Notes issued. Holders of Swiss Franc Notes will not have the right to request delivery of definitive Notes.

Registered Notes

Registered Notes which are sold outside the United States (as such term is defined in Regulation S under the Securities Act of 1933) to non-US persons, will initially be represented by interests in a single, permanent global unrestricted registered Note (each an “Unrestricted Global Note”), without Coupons or Talons, which will be deposited with a depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg. Interests in each such Unrestricted Global Note may be held only through Euroclear or Clearstream, Luxembourg.

Registered Notes sold to qualified institutional buyers in reliance upon Rule 144A will initially be represented by a single, permanent global restricted registered Note (each, a “Restricted Global Note” and, together with any Unrestricted Global Notes, the “Global Registered Notes”), without Coupons or Talons, which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”) or, subject to compliance with applicable legal, regulatory and clearing system requirements, deposited with a depositary for, and registered in the name of a nominee of Euroclear or Clearstream, Luxembourg.

Series and Tranches	The Notes will be issued in series (each a “Series”). Each Series may comprise one or more tranches of Notes issued on different issue dates (each a “Tranche”). The Notes of each Tranche will have identical terms and conditions, however, a Tranche may comprise Notes in bearer form and Notes in registered form. Other than the issue date, the issue price and the date for the first payment of interest, the Notes of each Series will have identical terms, however, a Series may comprise Notes in bearer form and Notes in registered form.
Issue Price	Notes may be issued at par or at a discount or premium to par and either on a fully or partly paid basis.
Currencies	Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer subject to compliance with all relevant legal or regulatory requirements.
Multi-Currency Notes	Subject to compliance with all relevant legal and regulatory requirements, Notes may be denominated in one currency and payments in relation to the Notes may be made in one or more different currencies.
Denominations	Notes which may be listed on the Irish Stock Exchange’s regulated market and/or admitted to trading on the regulated market of the London Stock Exchange and/or listed on the regulated market of the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system situated or operating in a member state of the European Union may not (a) have a minimum denomination of less than €1,000 (or nearly equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuer or by any entity to whose group the Issuer belongs. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Notes in registered form sold pursuant to Rule 144A shall be issued in denominations of US\$100,000 (or its equivalent in any other currency rounded upwards as specified in the relevant Final Terms) and higher integral multiples of US\$1,000 (or its equivalent as aforesaid).
Maturity of Notes	The Notes may be issued with any maturity subject to compliance with all relevant legal or regulatory requirements. The minimum maturity for Subordinated Notes (as defined below) is 5 years.
Redemption	Notes may be redeemed at par or at such other redemption amount above or below par as may be determined by the Issuer.
Early Redemption	Early redemption will be permitted for taxation reasons and, subject to all relevant legal and regulatory requirements, will otherwise be permitted at the option of the Issuer or a holder to the extent specified in the relevant Final Terms.
Index-linked and credit-linked Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of index-linked Notes or credit-linked Notes will be calculated by reference to such stock, commodity, obligation, index, currency exchange rate or formula as determined by the Issuer (all specified in the relevant Final Terms).
Equity Linked Notes	In respect of Equity Linked Notes payments of principal in respect thereof will be calculated by reference to the value of an Underlying Share and/or a

formula (all as indicated in the applicable Final Terms). Equity Linked Notes admitted to the Official List of the UKLA will be settled on a cash basis only.

Redenomination

If so specified in the relevant Final Terms, the Issuer may, on giving at least 30 days' prior notice to the Noteholders, elect that the Notes be redenominated in euro with effect from the Redenomination Date.

Exchangeability

If so specified in the relevant Final Terms, the Issuer may, on giving at least 30 days' prior notice to the Noteholders, elect that the Notes shall be exchangeable for Notes expressed to be denominated in euro, with effect from the Redenomination Date.

Interest

Notes may or may not bear interest. Interest (if any) may be at a fixed or floating rate and may vary during the lifetime of the relevant Series.

Fixed Interest Rate Notes

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms and at maturity.

Floating Rate Notes

Floating rate Notes will bear interest by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest Periods will be selected by the Issuer prior to issue and specified in the relevant Final Terms. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Other Notes

Subject to compliance with all relevant legal and regulatory requirements, Notes may be issued with such terms and conditions as may be determined by the Issuer. The terms and conditions of these Notes will be set out in the relevant Final Terms.

Status

The Notes and Coupons are unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. The Notes may be senior notes ("Senior Notes") or subordinated notes ("Subordinated Notes") as specified in the relevant Final Terms.

Senior Notes

Except as may be provided by any legislation, the payment obligations of the Issuer under Senior Notes and their Coupons will at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

Subordinated Notes

The payment obligations of the Issuer under Subordinated Notes and their Coupons will at all times rank equally with all other subordinated obligations of the Issuer other than subordinated obligations which are expressed to rank junior to the Notes.

Taxation

Payments in respect of Notes will be made free and clear of future taxes, duties or other withholdings imposed by or in (i) the location of the relevant branch of the Issuer, (ii) Switzerland and (iii) any other jurisdiction in which the Issuer is or becomes subject to tax. If such taxes are required to be withheld, the Issuer will pay additional amounts in respect of the Notes subject to the customary exceptions.

Listing

Each Series may be admitted to trading on the Irish Stock Exchange's regulated market and/or, after the IFSRA has provided the FSA and the CSSF with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive, admitted to the Official List of the UKLA and to trading on the regulated market of the London Stock Exchange and/or the regulated market of the Luxembourg Stock Exchange and/ or may be unlisted. Notes may also be listed on any other stock exchange.

Key Features of the Programme

Governing Law	All contractual documentation for the Programme will be governed by, and construed in accordance with, English law. Unless otherwise stated in the relevant Final Terms, the Notes will be governed by, and construed in accordance with, English law.
Selling Restrictions	The Notes are subject to restrictions on their offering, sale and delivery both generally and specifically in the United States of America, the United Kingdom, the Republic of Ireland, Australia, Japan, Jersey and the European Economic Area. These restrictions are described under “Selling Restrictions”. Further restrictions may be required in connection with particular Series or Tranches of Notes, and, if so, will be specified in the documentation relating to the relevant Series or Tranche.
Enforcement of Notes in Global Form	In the case of Notes in global form held in a clearing system, investors will have certain direct rights of enforcement against the Issuer in the event of a default in payment on the Notes (“Direct Rights”). The Direct Rights are contained in a Deed of Covenant executed by the Issuer, copies of which are available for inspection during normal business hours at the office of the Agent.
Clearing Systems	Euroclear, Clearstream, Luxembourg, DTC, Clearstream, Frankfurt, SIS and any other clearing system as may be specified in the relevant Final Terms.
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Rule 144A	Offers and sales in accordance with Rule 144A under the Securities Act will be permitted, if specified in the relevant Final Terms, subject to compliance with all relevant, legal and regulatory requirements of the United States of America.
Ratings	Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc.: Short-term Senior Notes AA+; Long-term Senior Notes A-1+; Subordinated Notes AA. Fitch Ratings: Short-term Senior Notes F1+; Long-term Senior Notes AA+; Subordinated Notes AA. Moody’s Investors Service Limited: Short-term Notes Prime 1; Senior medium-term Notes Aaa; Subordinated medium-term Notes Aa3. The above ratings are general Programme ratings and individual issues under the Programme may not carry the general Programme ratings. In particular, this may arise in the case of index-linked, credit-linked or equity-linked Notes.
Drawdown Prospectus:	Notes issued under the Programme may be issued (i) pursuant to this Base Prospectus and associated Final Terms or (ii) pursuant to a drawdown prospectus (each a “Drawdown Prospectus”) prepared in connection with a particular Tranche of Notes. Each Drawdown Prospectus may incorporate by reference all or any part of this Base Prospectus. Accordingly, references to terms and conditions and other items being as set out in this Base Prospectus and associated Final Terms should, as the context requires, be construed as being as set out in the relevant Drawdown Prospectus.

Risk Factors

Prospective investors should read the entire Base Prospectus. Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Base Prospectus have the same meanings in this section. Investing in the Notes involves certain risks. Prospective investors should consider, among other things, the following:

RISK RELATING TO THE NOTES

There is no active trading market for the Notes.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes issued under the Programme to be admitted to the Official List of the UKLA and to trading on the regulated market of the London Stock Exchange, the Luxembourg Stock Exchange’s regulated market and the Irish Stock Exchange’s regulated market, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed prior to maturity.

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed by or on behalf of the jurisdiction of establishment of the relevant branch through which the Issuer is acting, Switzerland, or any other jurisdiction in which the Issuer is or becomes subject to tax, or any political subdivision thereof or any authority therein or thereof having power to tax as a result of any change in laws or regulations of the relevant jurisdiction, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the Issuer’s option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because the Global Notes are held by or on behalf of Euroclear, Clearstream, Luxembourg, Clearstream, Frankfurt and SIS investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Notes issued under the Programme may be represented by one or more Global Notes. If the Final Terms specify that the New Global Note form is not applicable, such Global Notes will be deposited with a common depositary for Euroclear, Clearstream, Luxembourg, Clearstream, Frankfurt and SIS. If the Final Terms specify that the New Global Note form is applicable, then the Global Notes will be deposited with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg, Clearstream, Frankfurt and SIS will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear, Clearstream, Luxembourg, Clearstream Frankfurt and SIS.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary, common safekeeper or the relevant clearing system, as applicable, for Euroclear, Clearstream, Luxembourg, Clearstream Frankfurt and SIS for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear, Clearstream, Luxembourg, Clearstream Frankfurt and SIS to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg and Clearstream Frankfurt to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant or mandatory rules in accordance with international private law.

Subordinated Notes are subordinated to most of the Issuer's liabilities.

If in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are subordinated obligations of the Issuer and the Issuer is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of subordinated debt) in full before it can make any payments on the relevant Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the relevant Notes.

EU SAVINGS TAX DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "EU Savings Tax Directive"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent.. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States including Jersey, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

Terms and Conditions of the Notes

UBS AG (the “Issuer”) has established a programme under which it will issue notes and other debt securities (the “Notes”). The Notes will be issued in series (each a “Series”). Each Series may comprise one or more tranches of Notes issued on different issue dates (each a “Tranche”). The Notes of each Tranche will have identical terms and conditions, however, a Tranche may comprise Notes in bearer form and Notes in registered form. The Notes of each Series will have identical terms, however, the issue date for each Tranche will, and the issue price and the date for the first payment of interest of each Tranche may, be different from the issue date, the issue price and the date for the first payment of interest in other Tranches of the same Series.

In connection with the Programme, the Issuer has entered into an amended and restated issuing and paying agency agreement dated 3 July 2007 (as further amended and restated from time to time, the “Agency Agreement”) with HSBC Bank plc as issuing and paying agent (the “Agent” which expression includes any successor to HSBC Bank plc), U.S. Bank Trust National Association as registrar (the “Registrar” which expression includes any successor to U.S. Bank Trust National Association in its capacity as Registrar), HSBC Institutional Trust Services (Ireland) Limited as Irish paying agent (the “Irish Paying Agent” which expression includes any successor of HSBC Institutional Trust Services (Ireland) Limited as Irish Paying Agent) and certain other paying agents (the “Paying Agents” which expression shall include the Agent and any other paying agent appointed in accordance with the terms of the Agency Agreement) and transfer agents (the “Transfer Agents” which expression shall include Dexia Banque Internationale à Luxembourg S.A. and any other transfer agent appointed in accordance with the terms of the Agency Agreement) named in the Agency Agreement.

References to the parties herein and in the General Terms and Conditions (as defined below) include references to their successors, including without limitation, an entity which assumes the rights and obligations of the relevant party by operation of the law of the jurisdiction of incorporation or domicile of such party.

The Agency Agreement contains a set of general terms and conditions (the “General Terms and Conditions”). The General Terms and Conditions do not reflect the terms and conditions of any specific issue of Notes. The General Terms and Conditions may be amended from time to time.

For the purposes of Notes denominated in Swiss Francs listed on the main segment of the SWX Swiss Exchange (“Swiss Franc Notes”), the Issuer will, together with the Agent and the Dealer under the Programme specified in the Final Terms relating to the relevant issue of Notes as principal Swiss paying agent (the “Principal Swiss Paying Agent”), enter into a supplemental issuing and paying agency agreement. In addition, all references in the Terms and Conditions of the Notes to the Paying Agents shall, so far as the context permits, be construed as references only to the relevant Swiss Paying Agents, as set out in paragraph 9 of the Final Terms, and references in the Terms and Conditions of the Notes to “Euroclear” and/or “Clearstream, Luxembourg” shall be construed as including references to SIS SegInterSettle AG, the Swiss Securities Services Corporation in Olten, Switzerland, which shall be considered an additional or alternative clearance system for the purposes of the final paragraph of Condition 2(b)(vi) of the Terms and Conditions of the Notes.

In connection with each issue of Notes, the Issuer will prepare final terms which will contain the information which specifically relates to that issue of Notes (the “Final Terms”). In relation to any issue of Notes, the Final Terms may contain provisions which supplement, modify or replace all or any part of the General Terms and Conditions for the purpose of that issue alone. The applicable provisions of the relevant Final Terms will be endorsed upon, or attached to, each temporary global Note, permanent global Note, definitive Bearer Note and Registered Note. A copy of the Final Terms for each issue of Notes will be available for inspection at the specified office of the Agent and, in the case of Notes in registered form, the Registrar. In addition, where Notes are admitted to the Official List of the UKLA and to trading on the regulated market of the London Stock Exchange, a copy of the Final Terms will be lodged with the FSA. In respect of Notes listed on the Luxembourg Stock Exchange, a copy of the Final Terms will be lodged with the Luxembourg Stock Exchange and will be available free of charge at the specified office of the Paying Agent and the Transfer Agent in Luxembourg. In respect of Notes listed on the Irish Stock Exchange, a copy of the Final Terms will be delivered to the Irish Stock Exchange.

To determine the terms and conditions which apply to a particular issue of Notes, it is necessary (i) to refer to the General Terms and Conditions in force on the date the Notes were issued and (ii) to consider the extent to which the General Terms and Conditions have been supplemented, modified or replaced by the information contained in the relevant Final Terms.

In relation to the terms and conditions of any issue of Notes, to the extent that there is any inconsistency between the General Terms and Conditions and the terms and conditions which appear in the relevant Final Terms, the terms and conditions which appear in the Final Terms shall prevail.

In relation to an issue of Notes where the Notes are printed in definitive form, for the purpose of printing the terms and conditions on the definitive Notes, a set of terms and conditions which apply specifically to the relevant issue may be prepared (“Specific Terms and Conditions”). If Specific Terms and Conditions are prepared, then, to the extent that there is any inconsistency between the Specific Terms and Conditions and either the General Terms and Conditions or the relevant Final Terms, the Specific Terms and Conditions shall prevail.

Each issue of Notes may be represented by (i) Notes in bearer form (“Bearer Notes”) or (ii) Notes in registered form (“Registered Notes”) or (iii) Bearer Notes or Registered Notes, as indicated in the relevant Final Terms. If the Final Terms for an issue of Notes specifies that the Notes may be represented by Bearer Notes or Registered Notes, then unless otherwise specified in the relevant Final Terms, Bearer Notes may be exchanged for Registered Notes of the same Series, however, it will not be possible to exchange Registered Notes for Bearer Notes.

Unless otherwise specified in the Final Terms, in relation to each issue of Notes for which Bearer Notes are available, the Bearer Notes may initially be represented by any one or more of (i) one or more temporary global Notes (each, a “Temporary Global Note”), (ii) one or more permanent global Notes (each, a “Permanent Global Note”) or (iii) definitive Notes. In the case of Bearer Notes initially represented by a Temporary or Permanent Global Note, if the Final Terms specify that the New Global Note form is not applicable, the Global Note will be deposited with a depositary for one, or a common depositary for more than one, clearing system, including Euroclear Bank S.A./N.V. (“Euroclear”), Clearstream Banking, *société anonyme*, (“Clearstream, Luxembourg”), Clearstream Banking AG (“Clearstream, Frankfurt”) and SegalInterSettle AG, Olten, Switzerland (“SIS”). Otherwise, if the Final Terms specify that the New Global Note form is applicable, the Global Note will be deposited with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Temporary Global Notes will be exchanged for either (i) a Permanent Global Note which, if the Final Terms specify that the New Global Note form is not applicable, will be held by a depositary for one, or a common depositary for more than one, clearing system, or if the Final Terms specify that the New Global Note form is applicable, will be held by a common safekeeper or clearing system, as the case may be, or (ii) definitive Notes, in accordance with the provisions set out in the relevant Temporary Global Note. A Permanent Global Note may be exchanged for definitive Notes only in accordance with the provisions set out in the relevant Permanent Global Note. As a result of the issue of global Notes, rights conferred by Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt in relation to the Notes will be created in favour of Noteholders.

Unless otherwise specified in the Final Terms, Swiss Franc Notes will be represented exclusively by a Swiss global Note (the “Swiss Global Note”), representing the entitlement to payment of principal and interest. The Swiss Global Note will be deposited with SIS. The Swiss Global Note will be exchangeable for definitive Notes only if the Principal Swiss Paying Agent (as specified in the relevant Final Terms) should, after consultation with the Issuer, deem the printing of definitive Notes to be necessary or useful, or if the presentation of definitive Notes is required by Swiss or other applicable laws and regulations in connection with the enforcement of rights of Noteholders, or if the Principal Swiss Paying Agent at any time at its discretion determines to have definitive Notes issued. Holders of Swiss Franc Notes will not have the right to request delivery of definitive Notes.

Payments of principal, interest (if any) or any other amounts on a Swiss Global Note will be made through SIS without any requirement for certification.

Registered Notes which are sold outside the United States (as such term is defined in Regulation S under the Securities Act of 1933) to non-US persons, will initially be represented by interests in a single, permanent global unrestricted registered Note (each an “Unrestricted Global Note”), without Coupons or Talons, which will be deposited with a depositary for, and registered in the name of a nominee of, Euroclear,

Clearstream, Luxembourg and Clearstream, Frankfurt. Interests in each such Unrestricted Global Note may be held only through Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt.

Registered Notes sold to qualified institutional buyers in reliance upon Rule 144A will initially be represented by a single, permanent global restricted registered Note (each, a “Restricted Global Note” and, together with any Unrestricted Global Notes, the “Global Registered Notes”), without Coupons or Talons, which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”) or Euroclear. Holders of interests in a global Note representing Registered Notes may apply for definitive Registered Notes only in the limited circumstances set out in the relevant global Note.

General Terms and Conditions

The terms and conditions which are set out below are the General Terms and Conditions which appear in the Agency Agreement. The General Terms and Conditions may be amended, supplemented, modified or replaced from time to time.

1. DEFINITIONS

“Agency Agreement” means the amended and restated issuing and paying agency agreement for the Programme dated 3 July 2007 (as further amended and restated from time to time) between, *inter alios*, the Issuer, the Agent, the Registrar and the Paying Agents.

“Agent” means HSBC Bank plc as issuing and paying agent for the Programme and includes any successor to HSBC Bank plc in its capacity as Agent.

“Bearer Notes” means Notes in bearer form.

“Business Day” means a day on which (i) commercial banks are open for business in the financial centres specified in the Final Terms, and (ii) foreign exchange markets settle payments generally in the currencies referred to in the Business Days section of the Final Terms. In relation to Notes denominated in euro, a “Business Day” is a day on which the TARGET system is operating, provided that, if the Issuer determines, with the agreement of the Agent, that the market practice in respect of internationally offered euro-denominated securities is different from that specified herein, the definition of “Business Day” shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendment.

“Calculation Agent” means the calculation agent specified in the Final Terms.

“Condition” means one of the Terms and Conditions of the Notes.

“Couponholder” means the bearer of a Coupon.

“Coupon” means a coupon entitling the holder to receive a payment of interest in relation to an interest bearing Bearer Note in definitive form. Interest bearing Bearer Notes in definitive form will be issued with Coupons attached. Any reference herein to a Coupon shall, unless the context otherwise requires, be deemed to include a reference to a Talon.

“Final Terms” means the final terms prepared in connection with the issue of the Notes. A copy of the Final Terms is available for inspection at the specified office of the Agent and, in the case of Registered Notes, the Registrar and is available free of charge at the specified office of the Paying Agent and the Transfer Agent in Luxembourg.

“Instalment Note” means a Note, the principal amount of which is payable by instalments.

“Interest Determination Date” has the meaning given in the relevant Final Terms.

“Irish Stock Exchange” means the Irish Stock Exchange Limited.

“Issuer” means UBS AG.

“London Banking Day” means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

“Noteholder” or “Holders” means (i) in relation to a Bearer Note, the bearer of the Bearer Note, and (ii) in relation to a Registered Note, the person in whose name the Registered Note is registered.

“Notes” means the notes or debt securities of the Tranche or Series specified in the Final Terms. Any reference to Notes includes a reference to (i) Bearer Notes and Registered Notes and (ii) notes in global form and notes in definitive form.

“Paying Agent” means the paying agents named in the Agency Agreement and includes the Agent and any other paying agent appointed in accordance with the terms of the Agency Agreement.

“Programme” means the programme for issuing notes and other debt instruments established by the Issuer, under which the Notes are issued.

“Receipt” means the payment receipt entitling the holder to receive payment of an instalment of principal in relation to an Instalment Note in definitive form. Instalment Notes in definitive form will be issued with Receipts attached.

“Receiptholder” means the bearer of a Receipt.

“Regular Period” means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

“Registered Notes” means Notes in registered form.

“Registrar” means U.S. Bank Trust National Association as Registrar for the Programme and includes any successor to U.S. Bank Trust National Association in its capacity as Registrar.

“Relevant Financial Centre” means the financial centre or centres to the relevant currency for the purposes of the definition of “Business Day” in the 2000 ISDA Definitions (as amended and updated from time to time), as published by the International Swaps and Derivatives Association, Inc. or if so specified in the relevant Final Terms, the 2006 ISDA definitions (as amended and updated from time to time), as published by the International Swaps and Derivatives Association Inc.

“Series” means the series specified in the Final Terms.

“Talon” means a talon entitling the holder to receive further Coupons in relation to an interest bearing Bearer Note in definitive form. Where a Talon is required, interest bearing Bearer Notes in definitive form will be issued with a Talon attached.

“Talonholder” means the bearer of a Talon.

“TARGET system” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

“Terms and Conditions of the Notes” means these general terms and conditions as amended, supplemented, modified or replaced from time to time by the information contained in the relevant Final Terms. To the extent that the information in a Final Terms supplements, modifies or replaces the general terms and conditions, it shall do so only for the purpose of the issue of Notes to which the relevant Final Terms relates. To the extent that there is any inconsistency between the General Terms and Conditions and the terms and conditions which appear in the relevant Final Terms, the terms and conditions which appear in the Final Terms shall prevail.

“Tranche” means the tranche specified in the Final Terms.

“Transfer Agent” means the transfer agents named in the Agency Agreement and includes the Registrar and any substitute or additional agents appointed in accordance with the terms of the Agency Agreement.

References to the Issuer include references to its successors, including, without limitation, an entity which assumes the rights and obligations of the Issuer by operation of the law of jurisdiction or domicile of the Issuer.

2. FORM AND DENOMINATION

(a) General

- (i) The Principal Amount of the Notes is specified in the Final Terms. All payments in relation to the Notes will be made in the same currency as the Principal Amount unless otherwise specified in the Final Terms. The Notes are available in the Denominations specified in the Final Terms.
- (ii) Unless otherwise specified in the Final Terms, each Issue of Notes may be represented by (i) Bearer Notes or (ii) Registered Notes or (iii) Bearer Notes or Registered Notes, as indicated in the Final Terms. If an issue of Notes is represented by Bearer Notes or Registered Notes, then unless otherwise specified in the Final Terms, Bearer Notes may be exchanged for Registered Notes. However, Registered Notes may not be exchanged for Bearer Notes.

(b) Bearer Notes

- (i) Unless otherwise specified in the Final Terms, in relation to each issue of Notes for which Bearer Notes are available, the Bearer Notes may initially be represented by any one or more of (i) one or more Temporary Global Notes, (ii) one or more Permanent Global Notes or (iii) serially numbered definitive Notes.
- (ii) In the case of Bearer Notes initially represented by a Temporary or Permanent Global Note, the Global Note will be deposited with a depositary for one, or a common depositary or common safekeeper for more than one, clearing system, including Euroclear Bank S.A./N.V. (“Euroclear”), Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”) and Clearstream Banking AG (“Clearstream, Frankfurt”).
- (iii) As specified in the Final Terms, Temporary Global Notes will be exchanged for either (i) a Permanent Global Note which will be held by a depositary for one, or a common depositary or common safekeeper for more than one, clearing system (including Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt), or (ii) serially numbered definitive notes, in accordance with the provisions set out in the Temporary Global Note. A copy of the Temporary Global Note will be available for inspection at the office of the Agent and, in the case of Notes listed on the Luxembourg Stock Exchange, the Paying Agent in Luxembourg.
- (iv) As specified in the Final Terms, a Permanent Global Note may be exchanged for serially numbered definitive Notes only in accordance with the provisions set out in the relevant Permanent Global Note. A copy of the Permanent Global Note will be available for inspection at the office of the Agent and, in the case of Notes listed on the Luxembourg Stock Exchange, the Paying Agent in Luxembourg.
- (v) If so specified in the Final Terms, the Notes may be represented on issue by one or more Permanent Global Notes.
- (vi) Swiss Franc Notes will be represented exclusively by a Permanent Global Note which shall be deposited with SIS SegalInterSettle AG, Olten, Switzerland (“SIS”), or such other depositary as may be approved by the Admission Board of the SWS Swiss Exchange. The Permanent Global Note will be exchangeable for definitive Notes only if the Principal Swiss Paying Agent should deem, after consultation with the Issuer, the printing of definitive Notes to be necessary or useful, or if the presentation of definitive Notes is required by Swiss or other applicable laws and regulation in connection with the enforcement of the rights of Noteholders, or if the Principal Swiss Paying Agent at any time as its discretion determines to have definitive Notes issued. Holders of Swiss Franc Notes will not have the right to request a delivery of definitive Notes.

(c) Registered Notes

In relation to each issue of Notes for which Registered Notes are available, the registered Notes may initially be represented by (i) one or more global Notes, (ii) one or more definitive Notes or (iii) both. Holders of

Registered Notes represented by a global Note may apply for definitive Registered Notes in accordance with the limited circumstances set out in the relevant global Note. A copy of the global Note will be available for inspection at the office of the Agent and the Registrar and, in the case of Notes listed on the Luxembourg Stock Exchange, the Transfer Agent in Luxembourg.

3. TITLE

- (a) Title to Bearer Notes, Coupons and Receipts will pass by delivery. Title to Registered Notes will pass by registration in the register which is maintained by the Registrar.
- (b) In relation to any Note, Coupon or Receipt (except as ordered by a court of competent jurisdiction or required by law), the relevant Noteholder, Couponholder or Talonholder shall be deemed to be, and the Issuer, Registrar and Paying Agents shall be entitled to treat the relevant Noteholder, Couponholder and Talonholder as, the absolute owner of the relevant Note, Coupon or Receipt for all purposes whether or not the relevant Note, Coupon or Talon is overdue and notwithstanding any notice of ownership, theft or loss of, or any writing on, the relevant Note, Coupon or Receipt. In addition, in relation to any Note, Coupon or Receipt, no one shall be required to obtain any proof of (i) ownership of the relevant Note, Coupon or Receipt or (ii) the identity of the relevant Noteholder, Couponholder or Receiptholder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

4. TRANSFER OF REGISTERED NOTES

- (a) A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the relevant Final Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.
- (b) Each new Registered Note to be issued upon the transfer of Registered Notes will, upon the effective receipt of such form of transfer by the Registrar at its specified office, be available for delivery at the specified office of the Registrar or any Transfer Agent. For these purposes, a form of transfer received by the Registrar or any Transfer Agent during the period of fifteen London or, as the case may be, Relevant Banking Days ending on the due date for any payment on the relevant Registered Notes shall be deemed not to be effectively received by the Registrar or any Transfer Agent until the day following the due date for such payment. For the purposes of these Terms and Conditions, “London Banking Day” means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and “Relevant Banking Day” means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar or any Transfer Agent is located.
- (c) The issue of new Registered Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Registrar or Transfer Agent may require in respect of) any tax or other governmental charges which may be imposed in relation thereto.
- (d) For so long as any of the Registered Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer has agreed that it will, during any period in which it is neither subject to the reporting requirements of Section 13 or 15(d) under the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”) nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any person in whose name such restricted securities are registered, to any owner of a beneficial interest in such restricted securities, and to any prospective purchaser of such restricted securities or beneficial interest therein designated by any such person or beneficial owner, in connection with resale of a beneficial interest in such restricted securities by such person or beneficial owner, as the case may be, the information specified in Rule 144A(d)(4) under the Securities Act.
- (e) Registered Notes will, if so specified in the relevant Final Terms, be the subject of an application by the Issuer to The Depository Trust Company (“DTC”) for the acceptance of such Registered Notes into

DTC's book-entry settlement system. If such application is accepted, one or more registered Notes (each a "DTC Note") in denominations equivalent in aggregate to the aggregate principal amount of relevant Registered Notes which are to be held in such system will be issued to DTC and registered in the name of Cede & Co., or such other person as may be nominated by DTC for the purpose, as nominee for DTC provided that no DTC Note may have a denomination of more than US\$500,000,000 and that, subject to such restriction, DTC Notes will always be issued in the largest possible denomination. Thereafter, such registered nominee will be the holder of record and entitled to rights in respect of each DTC Note.

Accordingly, each person having a beneficial interest in a DTC Note must rely on the procedures of the institutions having accounts with DTC to exercise any rights of such person. So long as Registered Notes are traded through DTC's book-entry settlement system, ownership of beneficial interest in the relevant DTC Note will (unless otherwise required by applicable law or regulatory requirement) be shown on, and transfers of such beneficial interest may be effected only through, records maintained by (i) DTC or its registered nominee (as to participant-interests) or (ii) institutions having accounts with DTC.

5. STATUS OF THE NOTES

(a) In the case of Senior Notes

If the Notes are specified as senior Notes ("Senior Notes") in the Final Terms, the Notes and the relevant Receipts and Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other outstanding unsecured and unsubordinated obligations of the Issuer.

(b) In the case of Subordinated Notes

(i) Subordinated Notes issued by UBS AG London Branch, UBS AG Jersey Branch, UBS AG, Australia Branch or UBS Switzerland:

If the Notes are specified as subordinated Notes ("Subordinated Notes"), the Subordinated Notes constitute unsecured obligations of UBS AG London Branch, UBS AG Jersey Branch, UBS AG, Australia Branch or UBS Switzerland, as the case may be, and UBS AG and rank *pari passu* without any preference among themselves. The Subordinated Notes constitute subordinated debt obligations and rank *pari passu* with all other subordinated debt obligations of UBS AG other than subordinated debt obligations which rank below the Notes. Accordingly, payments of principal and interest are conditional upon the Issuer being solvent at the time of payment by the Issuer and no principal or interest shall be payable in respect of the Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For the purpose of this Condition 5(b), the Issuer shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its Assets exceed its Liabilities (in each case as defined below) (other than its Liabilities which are not Senior Claims).

For the purposes of these Conditions, "Senior Claims" means the aggregate amount of all claims in respect of the deposit liabilities of the Issuer and all other liabilities of the Issuer (including all deposit liabilities and other liabilities of UBS AG London Branch, UBS AG Jersey Branch, UBS AG, Australia Branch or UBS Switzerland, as the case may be, the head office and all other offices of the Issuer wherever located), except those liabilities which by their terms rank *pari passu* with or are subordinated to the Notes; "Assets" means the non-consolidated total assets of the Issuer and "Liabilities" means the non-consolidated total liabilities of the Issuer, all as shown by the latest published audited balance sheet of the Issuer but adjusted for contingencies and for subsequent events.

Subject to applicable law, no Noteholder may exercise or claim any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer, arising under or in connection with the Notes and each Noteholder shall, by virtue of his subscription, purchase or holding of any Note, be deemed to have waived all such rights of set-off, compensation or retention.

(ii) Subordinated Notes issued by other branches of the Issuer:

Where Subordinated Notes are to be issued by branches (other than UBS AG London Branch, UBS AG Jersey Branch, UBS AG, Australia Branch or UBS Switzerland), the provisions dealing with subordination will be included in the Final Terms.

6. INTEREST

(a) Interest – Fixed Rate

If the Interest Basis specified in the Final Terms is “Fixed”, then the Notes shall bear interest from and including the Issue Date or, if different, the Interest Commencement Date specified in the Final Terms at the Rate of Interest specified in the Final Terms. Interest will be payable in arrear on the Interest Payment Dates specified in the Final Terms and on the Maturity Date specified in the Final Terms. Interest will be calculated on the Fixed Day Count Fraction specified in the Final Terms.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

For the purposes of these Conditions, “Fixed Day Count Fraction” means, in respect of the calculation of an amount for any period of time (the “Calculation Period”):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if “Actual/Actual (ISDA)” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “30/360” is specified in the applicable Final Terms and unless otherwise specified in the applicable Final Terms, the number of days in the Calculation Period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360; and

“sub-unit” with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest – Floating Rate

- (i) If the Interest Basis specified in the Final Terms is “Floating” then the Notes shall bear interest from the Interest Commencement Date specified in the Final Terms.
- (ii) If the Interest Payment Date Convention specified in the Final Terms is “FRN Convention”, then interest shall be payable in arrear on each date (each, an “FRN Interest Payment Date”) which numerically corresponds to the Interest Commencement Date or, as the case may be, the preceding FRN Interest Payment Date in the calendar month which is the number of months specified in the Final Terms after

the calendar month in which the Interest Commencement Date or, as the case may be, the preceding FRN Interest Payment Date occurred.

- (A) If there is no such numerically corresponding day in the calendar month in which an Interest Payment Date should occur, then the relevant FRN Interest Payment Date will be the last day which is a Business Day in that calendar month.
 - (B) If an FRN Interest Payment Date would otherwise fall on a day which is not a Business Day, then the relevant FRN Interest Payment Date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day.
 - (C) If the Interest Commencement Date or the preceding FRN Interest Payment Date occurred on the last day in a calendar month which was a Business Day, then all subsequent FRN Interest Payment Dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the Interest Commencement Date or, as the case may be, the preceding FRN Interest Payment Date occurred.
- (iii) If the Interest Payment Date Convention specified in the Final Terms is “Following Business Day Convention”, then interest shall be payable in arrear on such dates (each a “Following Interest Payment Date”) as are specified in the Final Terms; provided that if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Following Interest Payment Date will be the first following day which is a Business Day.
 - (iv) If the Interest Payment Date Convention specified in the Final Terms is “Modified Following Business Day Convention”, then interest shall be payable in arrear on such dates (each, a “Modified Interest Payment Date”) as are specified in the Final Terms; provided that, if any Modified Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Modified Interest Payment Date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case the relevant Modified Interest Payment Date will be the first preceding day which is a Business Day.
 - (v) The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an “Interest Period”.
 - (vi) In relation to Floating Rate Notes, the Final Terms will specify the Interest Rate Basis. The Calculation Agent will calculate the rate of interest which will apply to the Notes for each Interest Period (the “Rate of Interest”) in accordance with the following terms, unless otherwise specified in the Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified in the Final Terms;
- (2) the Designated Maturity is a period specified in the Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the Final Terms.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time or, in the case of EURIBOR, Brussels time) on the Interest Determination Date in question plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Agent or such other person specified in the Final Terms. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the Final Terms.

- (vii) The Calculation Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the amount of interest (the "Interest Amount") payable in respect of the principal amount of the smallest or minimum denomination of such Notes specified in the Final Terms for the relevant Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to such principal amount, multiplying the product by Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the currency in which such Notes are denominated or, as the case may be, in which such interest is payable (one half of any such sub-unit being rounded upwards).

(c) Notification of Rates of Interest, Interest Amounts and Interest Payments Dates

- (i) The Calculation Agent will cause each Rate of Interest, Interest Payment Date, Interest Amount or floating amount, and such other information as may be, determined by it, to be notified to the Paying Agents and, in the case of Registered Notes, the Registrar and the Transfer Agents (from whose respective specified offices such information will be available) as soon as practicable after such determination but in any event not later than the fourth London Banking Day after the Interest Determination Date and, in the case of Notes admitted to the Official List of the UKLA and to trading on the regulated market of the London Stock Exchange, the Luxembourg Stock Exchange's regulated market or the Irish Stock Exchange's regulated market, cause each such Rate of Interest, Interest Amount and such other information as the case may be, to be notified to the FSA, Luxembourg Stock Exchange or Irish Stock Exchange no later than the first day of the relevant Interest Period. The Calculation Agent will be entitled to amend any Rate of Interest, Interest Amount, Interest Payment Date or other information (or to make appropriate alternative arrangements by way of adjustment) without notice in the event of the extension or abbreviation of the relevant Interest Period or calculation period. Notice of any amendment will be given in accordance with this Condition.
- (ii) All determinations made by the Calculation Agent for the purposes of this Condition shall, in the absence of manifest error, be final and binding on all parties.

(d) Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the Final Terms.

(e) Partly Paid Notes

In the case of partly paid Notes (other than partly paid Notes which are zero coupon Notes) interest will accrue as aforesaid on the paid-up principal amount of such Notes and otherwise as indicated in the Final Terms.

7. REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, Notes shall be redeemed by the Issuer at the Redemption Amount as specified in, or determined in the manner specified in, the Final Terms on the Maturity Date or Dates specified in the Final Terms.

(b) Redemption for Taxation Reasons

The Issuer may at any time redeem all of the Notes (but may not partially redeem the Notes) at their principal amount or the Tax Redemption Amount specified in the Final Terms (together in each case with accrued interest in the case of interest bearing Notes), on giving not less than 30 and not more than 45 days' notice to the Noteholders and the Agent (and in the case of Registered Notes, the Registrar) of its intention to redeem the Notes in accordance with this Condition, if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 10 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in Condition 10 (Taxation) below) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due.

(c) Redemption at the Option of the Issuer

If the Issuer is specified in the Final Terms as having an option to redeem, the Issuer may, having given:

- (i) not less than 15 nor more than 35 days' notice to the Noteholders in accordance with this Condition; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent and the Registrar, (which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date; provided that, in the case of Subordinated Notes, the Optional Redemption Date may not fall earlier than five years and one day after the Issue Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount each as indicated in the Final Terms.

(d) The Appropriate Notice

The notice referred to in paragraphs (b) and (c) of this Condition is a notice given by the Issuer to the Noteholders, the Agent and the Registrar (in the case of Registered Notes), which shall be signed by two authorised signatories of the Issuer and shall specify the following details:

- (i) the Series of Notes subject to redemption;
- (ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes of the relevant Series which are to be redeemed;

- (iii) the due date for such redemption, which shall be a Business Day; and
- (iv) the circumstances giving rise to the Issuer's entitlement to effect such redemption.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

(e) Redemption at the Option of the Noteholders

If the Noteholders are specified in the Final Terms as having an option to redeem, upon the holder of any Note giving to the Issuer not less than 15 nor more than 30 days' notice prior to the relevant Optional Redemption Date or such other period of notice as is specified in the Final Terms the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date; Provided that, in the case of Subordinated Notes, the Optional Redemption Date shall not fall earlier than five years and one day after the Issue Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note, the holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 12 (Events of Default).

(f) Purchases

The Issuer or any of its subsidiaries or affiliates may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(g) Instalment Notes

If the Notes are repayable in instalments, they will be redeemed in the Instalment Amounts specified in the Final Terms and on the Instalment Dates specified in the Final Terms. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (i) below.

(h) Cancellation

All Notes redeemed in accordance with this Condition 7 shall be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption) and may not be reissued or resold.

(i) Early Redemption Amounts

For the purpose of paragraph (g) above and Condition 12, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Redemption Amount equal to the Issue Price, at the Redemption Amount thereof; or
- (ii) in the case of index linked Notes, credit linked Notes or otherwise (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the "Accredited Face Amount") equal to the sum of:

- (A) the Reference Price specified in the Final Terms (the “Reference Price”); and
- (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each or such other calculation basis as may be specified in the Final Terms.

8. REDENOMINATION AND EXCHANGEABILITY

Where Redenomination is specified in the Final Terms as being applicable and notwithstanding the provisions of Condition 15, the Issuer may, without the consent of the Noteholders, on giving at least 30 days’ prior notice to the Noteholders in accordance with Condition 14, designate a Redenomination Date.

With effect from the Redenomination Date:

- (i) each Note and, in the case of a Fixed Rate Note, each amount of interest specified in the Coupons, shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated into such amount of euro in the denomination of euro 0.01 with a principal amount of each Note equal to the principal amount of that Note in the relevant currency (as specified in the Final Terms) converted into euro at the rate for the conversion of the relevant currency into euro established by the Council of the European Union pursuant to Article 123(4) of the Treaty establishing the European Communities, as amended (the “Treaty”) (including compliance with rules relating to roundings in accordance with European Community regulations) provided however, that if the Issuer determines, with the agreement of the Agent that market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders and Couponholders, each stock exchange (if any) on which the Notes are then listed and the Paying Agents of such deemed amendments;
- (ii) all payments in respect of the Notes, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro, as though references in the Notes to the relevant currency were to euro. Such payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee;
- (iii) where Exchangeability is specified in the Final Terms as being applicable, the Issuer may elect that the Notes shall be exchangeable for Notes, expressed to be denominated in euro in accordance with such arrangements as the Issuer may decide, having regard to the then prevailing market practice after consultation with the Agent, and as may be specified in the notice, including arrangements under which Receipts and Coupons unmatured at the date so specified become void;
- (iv) if the Notes are Fixed Rate Notes and interest is required to be calculated for a period of less than one year, it will be calculated in accordance with Condition 6(a)(i) (Interest-Fixed Rate);
- (v) if the Notes are Floating Rate Notes, any applicable changes to the provisions relating to interest will be specified in the Final Terms; and
- (vi) such other changes will be made to the terms and conditions of the Notes as the Issuer may decide, after consultation with the Agent, to conform such Notes to conventions then applicable to instruments denominated in euro. Any such other change will not take effect until they have been notified to the Noteholders in accordance with Condition 14. (Notices).

Neither the Issuer nor any Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of euro or any currency conversion or rounding effected in connection therewith.

As used in these Conditions:

“Participating Member State” means a member state of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty.

“Redenomination Date” means a date which:

- (i) in relation to interest-bearing Notes, shall be an Interest Payment Date;
- (ii) is specified by the Issuer in the notice given to the Noteholders pursuant to this Condition; and
- (iii) falls on or after the country of the relevant currency becomes or announces its intention of becoming a Participating Member State.

9. PAYMENTS

(a) Payments – Bearer Notes

- (i) Payment of amounts (including accrued interest) due on the redemption of Bearer Notes will be made against presentation and, save in the case of a partial redemption, surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents or to the order of any Paying Agents.
- (ii) Payment of amounts due in respect of interest on Bearer Notes will be made in accordance with the following provisions:
 - (A) In the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents outside the United States and, in the case of a Temporary Global Note, upon due certification as required therein.
 - (B) In the case of definitive Bearer Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant definitive Bearer Notes at the specified office of any of the Paying Agents outside the United States.
 - (C) In the case of definitive Bearer Notes delivered with Coupons attached thereto, against surrender of the relevant Coupons at the specified office of any of the Paying Agents outside the United States.
- (iii) If the due date for payment of any amount due (whether in respect of principal, interest or otherwise) in respect of any Bearer Notes is not a Payment Business Day in the place of presentation, then the Noteholder will not be entitled to payment thereof until the next following such Payment Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms and Conditions.

As used in this Condition 9(a)(iii), “Payment Business Day” means:

- (i) if the currency of payment is euro, any day which is:
 - (A) a day on which the banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which the TARGET System is operating; or
- (ii) if the currency of payment is not euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment.
- (iv) Each definitive Bearer Note initially delivered with Coupons attached thereto should be surrendered for final redemption together with all unmatured Coupons appertaining thereto, failing which:

- (A) in the case of definitive Bearer Notes which bear interest at a fixed rate or rates, the amount of any missing unmatured Coupons will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time prior to the tenth anniversary of the due date of such final redemption or, if later, the fifth anniversary of the date of maturity of such Coupon; and
- (B) in the case of definitive Bearer Notes which bear interest at, or at a margin above or below, a floating rate, all unmatured Coupons relating to such definitive Bearer Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.
- (v) Payments in respect of Swiss Franc Notes will be made irrespective of any present or future transfer restrictions and without regard to any bilateral or multilateral payment or clearing agreement which may be applicable at the time of such payments. The receipt by the Principal Swiss Paying Agent of the due and punctual payment of funds in Swiss Francs in Switzerland shall release the Issuer from its obligations under the Swiss Franc Notes (and the Receipts and coupons appertaining to them) for the payment of principal and interest to the extent of such payment, except to the extent that there is a default in the subsequent payment thereof to the holders of the Notes (and any coupons and Receipts appertaining to them). Payment of principal and/or interest under Swiss Franc Notes (and any Receipts and Coupons appertaining to them) shall be payable in freely transferable Swiss Francs without collection costs in Switzerland at the specified offices located in Switzerland of the Principal Swiss Paying Agent upon their surrender without any restrictions and whatever the circumstances may be, irrespective of nationality, domicile or residence of the holders of the Swiss Franc Notes (and any Coupons and Receipts appertaining to them) and without any certification, affidavit or the fulfilment of any other formality.

(b) Payments – Registered Notes

- (i) Payment of amounts (including accrued interest) due on the final redemption of Registered Notes will be made against presentation and, save in the case of a partial redemption, surrender of the relevant Registered Notes at the specified office of the Registrar or any Transfer Agent. If the due date for payment of the final redemption amount of Registered Notes is not a Business Day, the Holder thereof will not be entitled to payment thereof until the next following such Business Day and no further payment shall be due in respect of such delay save in the event that there is a subsequent failure to pay in accordance with these Terms and Conditions.
- (ii) Payment of amounts (whether principal, interest or otherwise) due in respect of Registered Notes will be paid to the Holders thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at opening of business (local time) on the fifteenth Relevant Banking Day before the due date for such payment Provided that amounts due in respect of Registered Notes will be paid to the Holders thereof (or, in the case of joint Holders, the first-named) as appearing in such register as at opening of business (local time) on the date on which such payment is made.
- (iii) Notwithstanding the provisions of Condition 9(b)(i), payments of interest in respect of Registered Notes will be made by a cheque drawn on a bank in the Relevant Financial Centre and posted to the address (as recorded in the register held by the Registrar) of the Holder thereof (or, in the case of joint- Holders, the first named) on the Business Day immediately preceding the relevant date for payment unless at least four Business Days prior to such date the Holder thereof (or, in the case of joint Holders, the first named) has applied to the Registrar for payment to be made to a designated account.

(c) Payments – General Provisions

- (i) Payments of amounts due (whether in respect of principal, interest or otherwise) in respect of Notes will be made in the currency in which it is denominated by cheque drawn on, or by transfer to an account maintained by the payee with, a bank in the Relevant Financial Centre (or, if such currency is euro, to any account to which euro may be credited or transferred). Payments will be subject in all cases to any applicable issuing and paying or other laws and regulations.

- (ii) The Issuer reserves the right to vary or terminate the appointment of an Agent or any other Paying Agent or Transfer Agent, or the Registrar and to appoint additional or other Paying Agents or Transfer Agents, or another Registrar. The Issuer will at all times maintain (i) an Agent, (ii) a Registrar, (iii) a Paying Agent with a specified office in a European city (but outside the United Kingdom), (iv) so long as any Notes are listed on the Official List of the UKLA and admitted to trading on the regulated market of the London Stock Exchange, the Luxembourg Stock Exchange's regulated market or Irish Stock Exchange's regulated market, a Paying Agent and (in the case of Registered Notes) a Transfer Agent with a specified office in London, Luxembourg or Dublin, as the case may be, and (v) a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced to conform to, such Directive. Any variation, termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 days' notice thereof shall have been given to the Noteholders in accordance with Condition 14 (Notices).
- (iii) In respect of Swiss Franc Notes, the Issuer will at all times maintain Swiss paying agents having a specified office in Switzerland.

(d) Interpretation of Principal and Interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any Additional Amounts which may be payable with respect to principal under Condition 10;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable with respect to interest under Condition 10. (Taxation).

10. TAXATION

- (a) All sums payable by or on behalf of the Issuer pursuant to the Terms and Conditions of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other government charges of any nature ("Taxes") imposed by or on behalf of a Relevant Jurisdiction (as defined below), or any authority thereof or therein having power to impose Taxes unless such withholding or deduction is required by law.
- (b) If the Issuer is required to deduct or withhold any Taxes then the Issuer will pay such additional amounts as will result in the Noteholders, the Couponholders or the Receiptholders receiving the amounts they would have received if no withholding or deduction of Taxes had been required ("Additional Amounts").
- (c) The Issuer will not be required to pay any Additional Amounts pursuant to Condition 10(b) in relation to a Note, Receipt or Coupon which is presented for payment, (i) by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable to such Taxes on the Note, Receipt or Coupon as a result of having some connection with the Relevant Jurisdiction other than its mere ownership or possession of the Note, Receipt or Coupon or the receipt of principal or interest in respect thereof, or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the

ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, or (iii) by or on behalf of a Noteholder, Receiptholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to, or arranging to receive payment through, another Paying Agent in a Member State of the EU, or (iv) more than 30 days after the Relevant Date except to the extent that the Noteholder, Receiptholder or Couponholder would have been entitled to receive the Additional Amounts if it had presented the Note or Coupon for payment on the last day of the 30-day period, or (v) where the Issuer is UBS AG, Australia Branch, by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable to such taxes on the Note, Receipt or Coupon by reason of his being an Offshore Associate of the Issuer, other than acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered managed investments scheme within the meaning of the Corporations Act 2001 of Australia or (vi) (in the case of Registered Notes) where the Issuer is UBS AG, Australia Branch, by or on behalf of a Noteholder, Receiptholder or Couponholder who is an Australian resident or non-resident holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if that person has not supplied an appropriate tax file number, Australian business number, or details of an applicable exemption from these requirements, or (vii) where the Issuer is UBS Switzerland and payments which qualify as interest for Swiss withholding tax purposes are subject to Swiss withholding tax according to Swiss Federal Withholding Tax Law of 13 October, 1965, or (viii) in such other circumstance as may be specified in the Final Terms.

- (i) “Offshore Associate” means an associate (as defined in section 128F of the Australian Tax Act) that is either:
 - (a) a non-resident of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia; or
 - (b) a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside Australia.
- (ii) “Australian Tax Act” means the Income Tax Assessment Act 1936 of Australia and where applicable any replacement legislation including, but not limited to, the Income Tax Assessment Act 1997 of Australia.
- (iii) “Relevant Date” means the date on which the payment first becomes due. If the full amount of the moneys payable on the due date has not been received by the Agent on or before the due date, then “Relevant Date” means the date on which notice to the effect that the full amount of the money due has been received by the Agent is published in accordance with the Terms and Conditions of the Notes.
- (iv) “Relevant Jurisdiction” means (i) United Kingdom and Switzerland, in relation to UBS AG acting through its London Branch, (ii) Jersey and Switzerland, in relation to UBS AG acting through its Jersey Branch, (iii) Australia and Switzerland, in relation to UBS AG acting through its Australian Branch, (iv) Switzerland in relation to UBS Switzerland, (v) the jurisdiction of establishment of the relevant branch and Switzerland in the case of a branch other than UBS AG London Branch, UBS AG Jersey Branch, UBS AG, Australia Branch and UBS Switzerland, and (vi) any other jurisdiction in which the Issuer is or becomes subject to tax.
- (d) Any reference in the Terms and Conditions of the Notes to amounts payable by the Issuer pursuant to the Terms and Conditions of the Notes includes (i) any Additional Amount payable pursuant to this Condition 10 and (ii) any sum payable pursuant to an obligation taken in addition to or in substitution for the obligation in this Condition 10.

11. PRESCRIPTION

- (a) Bearer Notes will become void unless presented for payment within a period of ten years from the Relevant Date. Coupons will become void unless presented for payment within five years of the Relevant Date.
- (b) The rights of holders of Registered Notes to make claims against the Issuer for payments of principal will become void ten years after the Relevant Date. The rights of holders of Registered Notes to make claims

against the Issuer for payments other than for payments of principal will become void five years after the Relevant Date.

12. EVENTS OF DEFAULT

(a) In the case of Senior Notes

The following events shall constitute an “Event of Default” for the purposes of Senior Notes:

- (i) there is a default for more than 30 days in the payment of any principal or interest due in respect of the Notes; or
- (ii) there is a default in the performance by the Issuer of any other obligation under the Notes which is incapable of remedy or which, being a default capable of remedy, continues for 60 days after written notice of such default has been given by any Noteholder to the Issuer; or
- (iii) any order shall be made by any competent court or other authority or resolution passed by the Issuer for the dissolution or winding-up of the Issuer or for the appointment of a liquidator, receiver, administrator or manager of the Issuer or of all or a substantial part of their respective assets, or anything analogous occurs, in any jurisdiction, to the Issuer, other than in connection with a solvent reorganisation, reconstruction, amalgamation or merger; or
- (iv) the Issuer shall stop payment or shall be unable to, or shall admit to creditors generally its inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent, or shall enter into any composition or other arrangements with its creditors generally.

If an Event of Default in relation to Senior Notes shall have occurred and be continuing, any Noteholder may, at such Noteholder’s option, declare the Note held by the Noteholder to be forthwith due and payable at the Early Redemption Amount (as described in Condition 7(i)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind, by written notice to the Issuer and the Agent at its specified office.

(b) In the case of Subordinated Notes

The following events shall constitute an “Event of Default” for the purposes of the Subordinated Notes:

- (i) there is a default for more than 30 days in the payment of any principal or interest due in respect of the Notes; or
- (ii) there is a default in the performance by the Issuer of any other obligation under the Notes which is incapable of remedy or which, being a default capable of remedy, continues for 60 days after written notice of such default has been given by any Noteholder to the Issuer; or
- (iii) except in the case of Perpetual Subordinated Notes, an order is made in Switzerland or the country where the relevant branch is located by any competent court or other authority for the dissolution, administration or winding-up of the Issuer (other than in connection with a solvent reorganisation, reconstruction, amalgamation or merger) or for the appointment of a liquidator, provisional liquidator, receiver, administrator or manager of the Issuer or of all or a substantial part of its assets, or the Issuer shall be adjudicated or found bankrupt or insolvent, or anything analogous occurs to the Issuer; or
- (iv) the Issuer stops payment, or is unable to, or admits to creditors generally an inability to, pay its debts as they fall due, or passes a resolution for the dissolution, administration or winding-up of the Issuer, or shall enter into any composition or other arrangements with its creditors generally, other than in connection with a solvent reorganisation, reconstruction, amalgamation or merger.

If an Event of Default in relation to Subordinated Notes shall have occurred and be continuing, any Noteholder may, at such Noteholder’s option, declare the Note held by the Noteholder to be forthwith (subject always to Condition 5(b) above) due and payable at the Early Redemption Amount (as described in Condition 7(i)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind by written notice to the relevant branch and the Agent at its specified office.

13. REPLACEMENT

If any Note, Coupon, Receipt or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security and indemnity as the Issuer may require. Mutilated or defaced Notes, Coupons, Receipts or Talons must be surrendered before replacements will be issued.

14. NOTICES

(a) Bearer Notes

In relation to Bearer Notes, notices to Noteholders will, save where another means of effective communication has been specified in the Final Terms, be deemed to be validly given if (i) published in one leading English language daily newspaper with circulation in London or, if this is not possible, in one other leading English language daily newspaper with circulation in Europe which, so long as Notes are admitted to the Official List of the UKLA and to trading on the regulated market of the London Stock Exchange, is expected to be the *Financial Times*, and (ii) in the case of Notes which are listed on the Luxembourg Stock Exchange's regulated market (so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require), in a daily newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu), and (iii) in the case of Notes which are listed on the Irish Stock Exchange's regulated market, in the *Financial Times*. If any of the Notes are represented by a global note which is held by a depositary on behalf of Euroclear or Clearstream, Luxembourg or both or, as the case may be, Clearstream, Frankfurt, then in relation to such Notes, notice may be given to the Noteholders by being delivered to Euroclear and Clearstream, Luxembourg or, as the case may be, Clearstream, Frankfurt, for communication by them to the persons shown in their respective records as having interests therein (provided that, (i) in the case of Notes admitted to the Official List of the UKLA and to trading on the regulated market of the London Stock Exchange, the requirements of the FSA have been complied with, and (ii) in the case of Notes which are listed on the Luxembourg Stock Exchange's regulated market (so long as such Notes are listed on the Luxembourg Stock Exchange's regulated market and the rules of such stock exchange so require), a notice is published in a daily newspaper having general circulation in Luxembourg, which is expected to be the *d'Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu), and (iii) in the case of Notes which are listed on the Irish Stock Exchange's regulated market (so long as such Notes are listed on the Irish Stock Exchange's regulated market and the rules of such stock exchange so require), a notice is published in a daily newspaper having general circulation in Dublin, which is expected to be the *Financial Times*. Any notice shall be deemed to have been given on the date of such publication or, if so published more than once, on the date of first publication. If publication is not practicable in any such newspaper, notice will be validly given if made in such other manner, and shall be deemed to have been given on such date as the Agent may approve.

For Swiss Franc Notes, notices to Noteholders will be deemed to have been given if published by the Principal Swiss Paying Agent at the expense of the Issuer, (i) by means of electronic publication on the internet website of the SWX Swiss Exchange (www.swx.com) or (ii) otherwise in accordance with the regulations of the SWX Swiss Exchange. Notices shall be deemed to be validly given on the date of such publication or, if published more than once, on the date of the first such publication.

(b) Registered Notes

In relation to Registered Notes, notices to Noteholders will be deemed to be validly given if sent by first class mail to Noteholders (or, in the case of joint Noteholders, to the first-named in the register kept by the Registrar) at the respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth Business Day after the date of such mailing. With respect to Registered Notes listed on the Luxembourg Stock Exchange, any notices to Noteholders must also be published in a Luxembourg daily newspaper (which is expected to be the *d'Wort*) and, in addition to the foregoing will be deemed validly given only after the date of such publication.

15. MEETINGS OF NOTEHOLDERS AND MODIFICATIONS OF TERMS AND CONDITIONS

- (a) The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matters affecting their interests, including modification of the Notes and any provisions of the Agency Agreement applicable to the Notes. Any such modification must be authorised by an extraordinary resolution of the Noteholders (an "Extraordinary Resolution", which means a resolution passed by a majority consisting of not less than 75 per cent. of the votes cast thereon). The quorum at any meeting

will be two or more persons present in person holding or representing a clear majority in principal amount of the Notes for the time being outstanding, and at any adjourned meeting two or more persons being or representing holders of the Notes whatever the principal amount of Notes so held or represented provided that at any such meeting, the business of which includes the modification of certain of these Terms and Conditions, the necessary quorum for passing an Extraordinary Resolution is two or more persons holding or representing not less than 75 per cent. or, at any adjourned meeting, one or more persons holding or representing a clear majority, in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution duly passed at a meeting will be binding on all the Noteholders (whether present at the meeting or not) and on all the Receiptholders and Couponholders.

- (b) The Agent may agree without the consent of the Noteholders, Receiptholders or the Couponholders to any modification to the Agency Agreement which, in the reasonable opinion of the Agent, is not materially prejudicial to the interest of the Noteholders or the Couponholders or which is of a formal, minor or technical nature or to any modification which is necessary, to correct a manifest error.
- (c) Article M57 *et seq.* of the Swiss Code of Obligations includes mandatory provisions on bondholder meetings which may apply in relation to meetings of holders of Notes issued by UBS.

16. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders, Receiptholders or the Couponholders create and issue further notes and, provided that such further notes have the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them), the further notes shall be consolidated and form a single series with the Notes. In such circumstances, references in these Conditions to “Notes” include (unless the context requires otherwise) any other notes issued pursuant to this Condition and forming a single series with the Notes.

17. GOVERNING LAW AND JURISDICTION

- (a) The Agency Agreement, the Notes, the Coupons and the Talons are governed by and shall be construed in accordance with English law provided that Swiss Franc Notes may be governed by Swiss law if so stated in the Final Terms.
- (b) The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Coupons or the Talons and accordingly any legal action or proceedings arising out of or in connection with the Notes, the Coupons or the Talons (“Proceedings”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders, the Couponholders and the Talonholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) provided that the commercial court of Zurich may have jurisdiction in relation to disputes which may arise out of or in connection with Swiss Franc Notes if provided for in the Final Terms.
- (c) The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to it at 1 Finsbury Avenue, London EC2M 2PP or at any other address of the Issuer in Great Britain at which service of process may be served on it in accordance with Part XXIII of the Companies Act 1985. Nothing herein shall affect the right to serve process in any other manner permitted by law.

Use of Proceeds

The net proceeds of the issue of each Series or Tranche of Notes issued by issuers other than UBS Switzerland will be used by the Issuer for its general corporate purposes or towards meeting the general financing requirements of the UBS Group, in each case outside Switzerland. The net proceeds of the issue of each Series or Tranche of Notes issued by UBS Switzerland will be used by the Issuer for its general corporate purposes or towards meeting the general financing requirements of the UBS Group.

Description of UBS AG

OVERVIEW

UBS AG and subsidiaries (“UBS” or “UBS AG”) is, one of the world’s leading financial firms, serving a discerning international client base. Its business, global in scale, is focused on growth. As an integrated firm, UBS creates added value for clients by drawing on the combined resources and expertise of all its businesses. UBS is the leading global wealth management business, a global investment banking and securities firm with a strong institutional and corporate client franchise, a key asset manager and the market leader in Swiss commercial and retail client banking. On 31 March, 2007, UBS employed around 80,000 people. With headquarters in Zurich and Basel, Switzerland, UBS operates in over 50 countries and from all major international centers.

UBS is one of the best-capitalised financial institutions in the world, with a BIS Tier1 ratio of 11.7 per cent. invested assets of CHF 3,112 billion, equity attributable to UBS shareholders of CHF 51,606 million and market capitalisation of roughly CHF 149,157 million on 31 March, 2007.

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

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

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

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

2. BUSINESS OVERVIEW

2.1 Business Groups and Corporate Center

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

Global Wealth Management & Business Banking

With more than 140 years of experience, the global wealth management business provides a comprehensive range of products and services individually tailored for wealthy clients around the world. Client advisors provide a full range of wealth management services to clients – from asset management to estate planning and from corporate finance advice to art banking. In the US, the business is, one of the leading wealth managers. Business Banking Switzerland is, the market leader in Switzerland, providing a complete set of banking and securities services for individual and corporate clients.

Global Asset Management

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

Investment Bank

UBS's Investment Bank is, one of the world's investment banking and securities firms, providing a full range of products and services to corporate and institutional clients, governments, financial intermediaries and alternative asset managers. Its investment bankers, sales people and research analysts, supported by its risk and logistics teams, deliver advice and execution to clients all over the world. The Investment Bank also works with financial sponsors and hedge funds and indirectly meets the needs of private investors through both UBS's own wealth management business and through other private banks.

Corporate Center

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

2.2 Industrial Holdings

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

2.3 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. ORGANISATIONAL 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, supervisory and financial framework. Neither the individual Business Groups of UBS, Global Wealth Management & Business Banking, Global Asset Management, Investment Bank, nor the Corporate Center (the "Business Groups") are legally independent entities; instead, they perform their activities through the domestic and foreign offices of the parent bank, UBS AG.

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

4. TREND INFORMATION

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

5. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OF THE ISSUER

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

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

The BoD consists of at least six and a maximum of 12 members. The term of office for members of the board is three years.

DETAILS OF THE EXECUTIVE BODIES OF THE COMPANY

Board of Directors

Name	Title	Term of office	Position outside UBS AG
Marcel Ospel	Chairman	2008	
Stephan Haeringer	Executive Vice Chairman	2010	
Marco Suter	Executive Vice Chairman	2008	
Ernesto Bertarelli	Member	2009	He holds several board memberships. His company Serono International SA was sold to Merck KGaA on 5 January 2007
Sir Peter Davis	Member	2007	Holds several board memberships
Gabrielle Kaufmann-Kohler	Member	2009	Partner at the Schellenberg Wittmer law firm and Professor of international private law at the University of Geneva
Dr. Rolf A. Meyer	Member	2009	Holds several board memberships
Dr. Helmut Panke	Member	2010	As at the date of the Base Prospectus, he holds several board memberships. He was Chairman of the Board of Management of BMW AG, Munich between 2002 and September 2006
Peter Spuhler	Member	2010	Owner of Stadler Rail AG, Switzerland
Peter R. Voser	Member	2008	Chief Financial Officer of The Royal Dutch Shell plc, London
Lawrence A. Weinbach	Member	2008	Partner of the Yankee Hill Capital Management LLC, Southport, CT, USA (since 2006)
Joerg Wolle	Member	2009	President and CEO of DKSH Holding Ltd
Sergio Marchionne	Member	2010	CEO of Fiat S.p.A., Turin

GROUP EXECUTIVE BOARD AS OF 31 MARCH 2007

The GEB consists of nine members:

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

No member of the GEB has any significant business interests outside the Bank.

Board of Directors

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

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

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

Group Executive Board

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

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

Conflicts of interest

A description of outside interests of the members of the BoD and the GEB can be found in the UBS Handbook 2006/2007, in English, on pages 113-116 (inclusive) and pages 120-122 (inclusive), respectively. No conflicts exist between the private interests of the members of the BoD or the GEB and their obligations to the Issuer.

6. AUDITORS

On 18 April 2007, the UBS Annual General Meeting re-elected Ernst & Young Ltd., Aeschengraben 9, 4002 Basel, Switzerland, as the Group and statutory auditor in accordance with company law and banking law provisions for a further one-year term. Ernst & Young Ltd., Basel, is a member of the Swiss Institute of Certified Accountants and Tax Consultants based in Zurich, Switzerland.

7. MAJOR SHAREHOLDERS OF THE ISSUER

The ownership of UBS shares is broadly disbursed. As at 31 December, 2006, Chase Nominees Ltd., London, was registered with a 8.81 per cent. holding (31 December, 2005: 8.55 per cent., 31 December, 2004: 8.76 per cent.) of total share capital held in trust for other investors. As at 31 December, 2006, the US securities clearing organisation DTC (Cede & Co.) New York, "The Depository Trust Company",

held 13.21 per cent. (31 December, 2005: 9.95 per cent., 31 December, 2004: 5.77 per cent.) of total share capital in trust for other beneficiaries. Pursuant to UBS provisions on registering shares, the voting rights of nominees are limited to 5 per cent. This regulation does not apply to securities clearing and settlement organisations. No other shareholder was registered with a holding in excess of 5 per cent. of total share capital.

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

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

A description of the Issuer's assets and liabilities, financial position and profits and losses is available in the Financial Reports of the Issuer for financial years 2005 and 2006, in English ("Financial Reports").

In the case of financial year 2005 reference is made to:

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

In the case of financial year 2006 reference is made to:

- (i) the Financial Statements of UBS AG (Group), in particular to the Income Statement of UBS AG (Group) on page 82, the Balance Sheet of UBS AG (Group) on page 83, to the Statement of Cash Flows of the UBS AG (Group) on pages 86 – 87 (inclusive) and to the Notes to the Financial Statements on pages 88-214 (inclusive), and
- (ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement of UBS AG (Parent Bank) on page 218, the Balance Sheet of UBS AG (Parent Bank) on page 219, to the Statement of Appropriation of Retained Earnings of UBS AG (Parent Bank) on page 220, to the Notes to the Financial Statements on page 221 and to the Parent Bank Review on page 217, and
- (iii) the sections entitled "Accounting Standards and Policies" on pages 68 – 72 (inclusive) in the Financial Report 2006.

The Financial Reports form an essential part of UBS's reporting. They include the audited Consolidated Financial Statements of UBS, prepared in accordance with International Financial Reporting Standards ("IFRS"), a reconciliation to United States Generally Accepted Accounting Principles ("US GAAP"), and the audited financial statements of UBS AG, prepared according to Swiss banking law provisions. The Financial Reports also include discussions and analyses of the financial and business results of UBS and its Business Groups, as well as certain additional disclosures required under Swiss and US regulations.

The financial statements for UBS AG (Group) and its subsidiaries were audited by Ernst & Young Ltd., Basel, for financial years 2005 and 2006. The "Report of the Statutory Auditors" can be found on page 73 of the Financial Report for 2005 and on page 78 – 81 (inclusive) of the Financial Report for 2006.

Reference is also made to the English version of the Issuer's Quarterly Report for first quarter 2007, which includes information on the current financial condition and results of operation of the Issuer. The information contained in the report as of 31 March 2007 was not audited by the Issuer's auditor.

8.1 Legal and Arbitration Proceedings

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

As at 30 June 2007, UBS is involved in the following legal proceedings which could be material to the operating result of the UBS Group in a given reporting period:

- (a) **Insight One:** In December 2006, the New York State Attorney General (NYAG) filed a civil complaint regarding Insight One, UBS's fee-based brokerage program for private clients in the United States. The Insight One program is a fee-based brokerage program, in which clients pay an asset-based fee for trading activity rather than commissions on a per trade basis and was designed to align more closely the interests of financial advisors and clients. UBS denies that the program was part of a scheme to disadvantage clients and intends to defend itself vigorously in this matter.
- (b) **Tax Shelter:** In connection with a criminal investigation of tax shelters, the United States Attorney's Office for the Southern District of New York (U.S. Attorney's Office) is examining UBS's conduct in relation to certain tax-oriented transactions in which UBS and others engaged during the years 1996-2000. Some of these transactions were a subject of the Deferred Prosecution Agreement which the accounting firm KPMG LLP entered into with the U.S. Attorney's Office in August 2005, and are at issue in *United States v. Stein*, S1 05 Cr. 888 (LAK). UBS is cooperating with the government's investigation.
- (c) **Municipal Bonds:** In November 2006, UBS and others received subpoenas from the U.S. Department of Justice, Antitrust Division, and the U.S. Securities and Exchange Commission. These subpoenas concern UBS's conduct relating to derivative transactions entered into with municipal bond issuers, and to the investment of proceeds of municipal bond issuances. UBS is cooperating in these investigations.
- (d) **HealthSouth:** UBS is defending itself in two purported securities class actions brought in the U.S. District Court of the Northern District of Alabama by holders of stock and bonds in HealthSouth Corp. UBS also is a defendant in HealthSouth derivative litigation in Alabama state court and has responded to an SEC investigation relating to UBS's role as a banker for HealthSouth.
- (e) **Bankruptcy Estate of Enron:** In June 2007, UBS and Enron entered into an agreement to settle adversarial proceedings in the U.S. Bankruptcy Court for the Southern District of New York brought by Enron to avoid and recover payments it made prior to filing for bankruptcy in connection with equity forward and swap transactions. UBS believes it had valid defences to all of Enron's claims, but chose to settle to eliminate the uncertainty created by the proceeding. Under the terms of the settlement, UBS will pay Enron USD 115 million and will waive a proof of claim for approximately USD 5.5 million that UBS filed in Enron's bankruptcy case. During fiscal year 2006, UBS provisioned funds toward the resolution of this case. Therefore, the settlement will not materially impact the operational results of future reporting periods.
- (f) **Parmalat:** UBS is involved in a number of proceedings in Italy related to the bankruptcy of Parmalat. These proceedings include, inter alia, claw back proceedings against UBS Limited in connection with a structured finance transaction. Further, UBS is a defendant in two civil damages claims brought by Parmalat, of which one relates to the same structured finance transaction against UBS Limited, while the other against UBS AG relates to certain derivative transactions. In addition, UBS Limited and two UBS employees are the subject of criminal proceedings in Milan. Finally, UBS is a defendant in civil actions brought by individual investors in those criminal proceedings. All proceedings still are in an early stage. UBS denies the allegations made against itself and against its employees in these matters, and is defending itself vigorously.

8.2 Significant Changes in the Financial Situation of the Issuer

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

9. 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.

10. DOCUMENTS ON DISPLAY

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

11. OUTLOOK – FIRST QUARTER 2007

While it is likely that the economic expansion in the US will slow down over the next few months, there is increasing evidence from global macroeconomic data – most notably from Europe and major emerging markets – that the rest of the world economy is in good shape. In particular, UBS does not expect the difficulties being experienced in the US mortgage market to have a negative long-term effect on a global scale.

UBS is convinced that clients will increasingly seek its advice, with financial markets just as challenging as ever. The deal pipeline remains strong and its business model and balanced global presence provide it with many opportunities.

Over the course of 2007, UBS will concentrate on consolidating the investments it initiated last year. UBS will also continue to manage capital, risk and costs in disciplined fashion – and in line with market developments. The performance of UBS' business – in common with the financial industry – tends to be stronger in the first quarter of the year than in the summer. In the past, UBS has repeatedly proven its strength in delivering strong returns throughout the business cycle, which makes UBS confident that 2007 will be another successful year of growth for UBS.

Pro Forma Final Terms

The Final Terms dated [●]

UBS AG

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the Euro Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 4 July 2007 [and the supplemental Prospectus dated ●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing at [*website of the regulated market of the Irish Stock Exchange*] and copies may be obtained from the offices of the Paying Agents, HSBC Bank plc, 8 Canada Square, London E14 5HQ, Dexia Banque International à Luxembourg, 69 route d’Esch, L-2953 Luxembourg and HSBC Institutional Trust Services (Ireland) Limited, HSBC House, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated [*original date*] [and the supplemental Base Prospectus dated ●]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus dated [*current date*] [and the supplemental Base Prospectus dated [*date*]], save in respect of the Conditions which are extracted from the Base Prospectus dated [*original date*] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [*original date*] and [*current date*] [and the supplemental Prospectuses dated ● and ●]. [The Prospectuses [and the supplemental Prospectuses] are available for viewing at [*website of the regulated market of the Irish Stock Exchange*] and copies may be obtained from the offices of the Paying Agents, HSBC Bank plc, 8 Canada Square, London E14 5HQ, Dexia Banque International à Luxembourg, 69 route D’Esch, L-2953 Luxembourg and HSBC Institutional Trust Services (Ireland) Limited, HSBC House, Harcourt Centre, Harcourt Street, Dublin 2 Ireland.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing these Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1. Issuer: UBS AG ([] branch)
2. [(i)] Series Number: [number/year, e.g. 1/00]
[(ii)] Tranche Number: (If fungible with existing Series, details of that Series, including the date on which the Notes become fungible) [number, e.g. 1]
3. Currency or Currencies: []

4. Aggregate Nominal Amount:

[(i)] Series: []

[(ii)] Tranche: []

5. Issue Price: [] per cent. of the Aggregate Nominal Amount
[plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]

6. Specified Denominations:

Bearer Notes
[currency/amount for each denomination]
Registered Notes

[The Notes may be issued, traded and redeemed in integral multiples of currency/amount (e.g. US\$1,000) subject to a minimum lot of currency/amount (e.g. US\$100,000)]

Notes which may be listed on the Irish Stock Exchange's regulated market and/or admitted to listing on the Official List of the UKLA and to trading on the regulated market of the London Stock Exchange and/or listed on the Luxembourg Stock Exchange's regulated market and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system situated or operating in a member state of the European Union may not have a minimum denomination of less than €1,000 (or nearly equivalent in another currency).

[If the Notes will be issued in Australia, the denominations may be any amount provided that the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or the equivalent in another currency, in either case disregarding moneys lent by the offeror or to its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 of Australia.]

7. [(i)] Issue Date [day/month/year]

[(ii)] Interest Commencement Date [day/month/year]

8. Maturity Date: [day/month/year]
[For Floating Rate Notes, the Interest Payment Date falling in or nearest to [specify month and year]]

9. Interest Basis: [[]% Fixed Rate]
[[LIBOR] [EURIBOR] +/- []% Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (specify)]
(further particulars specified below)

10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (Specify)]

11. Change of Interest or Redemption Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
12. Put/Call Options: *[Investor Put]
[Issuer Call]
[(further particulars specified below)]*
13. [(i)] Status of the Notes: *[Senior/Subordinated]*
[(ii)] [Date [Board] approval for issuance of Notes obtained: *[] [and []], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]*
14. Method of distribution: *[Syndicated/Non-syndicated]*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions *[Applicable/Not applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: *[] per cent. per annum [payable [annually/semi-annually/quarterly] in arrears]*
- (ii) Interest Payment Date(s): *[] in each year*
- (iii) Fixed Coupon Amount[(s)]: *[] [per Note of [] denomination and per Note of [] denomination]*
- (iv) Broken Amount: *[insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*
- (v) Fixed Day Count Fraction: *[30/360 / (Actual/Actual(ICMA/ISDA))/other insert details]*
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: *[Not Applicable/give details]*
16. Floating Rate Note Provisions *[Applicable/Not applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Payment Dates: *[insert details of the dates on which interest will be paid]*
- (ii) Business Day Convention: *[FRN Convention/Following Business Day Convention/Modified Following Business Day/other (give details)]*
- (iii) Manner in which the Rate(s) of Interest is to be determined: *[Screen Rate Determination/ISDA Determination/ other (give details)]*
- (iv) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent): *[]*
- (v) If ISDA Determination:
- (a) Floating Rate Option:
- (b) Designated Maturity:
- (c) Reset Date(s):

- (vi) If Screen Rate Determination:
 - (a) Reference Rate:
 - (b) Interest Determination Date:
 - (c) Relevant Screen Page:
- (vii) Margin(s): [+/-] [] per cent. per annum
- (viii) Minimum Rate of Interest: []
- (ix) Maximum Rate of Interest: []
- (x) Day Count Fraction: [30/360
Actual/360
Actual/365
Actual/Actual — ICMA
Actual/Actual — ISDA
(other, *insert details*)]
- (xi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions and the Agency Agreement: []
- 17. Zero Coupon Note Provisions [Applicable/Not applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) [Amortisation/Accrual] Yield: [] per cent. per annum
 - (ii) Reference Price: []
 - (iii) Any other formula/basis of determining amount payable: [e.g. *consider whether it is necessary to specify an alternative Day Count Fraction*]
- 18. Index/Credit-Linked Note Provisions: [Applicable/Not applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Index/formula: [(give or annex details)]
 - (ii) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent) []
 - (iii) Provisions for determining coupon or redemption amount where calculation by reference to Index and/or formula is impossible or impracticable: []
 - (iv) Interest Period(s): []
 - (v) Specified Interest Payment Dates: []
 - (vi) Business Day Convention: [FRN Convention/Following Business Day Convention/Modified Following Business Convention/Preceding Business Day Convention/other (give details)]
 - (vii) Minimum Rate of Interest: []
 - (viii) Maximum Rate of Interest: []

(ix) Day Count Fraction: [30/360
Actual/365 — ICMA
Actual/365 — ISDA
Actual/Actual — ICMA
other, *insert details*]

19. Dual Currency note Provisions [Applicable/Not applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Rate of Exchange/method of calculating Rate of Exchange: [(give details)]

(ii) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent) []

(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []

(iv) Person at whose option Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. Redemption Amount [currency/amount e.g. US\$1,000,000]
[] per cent.
Other (*insert details, e.g. to be determined in accordance with the following formula* [])

21. Tax Redemption Amount If the Notes are redeemed as a result of the Issuer being required to pay Additional Amounts then the Redemption Amount will be [] (*insert details*)

22. Optional Redemption (Call) [(Insert details (e.g. the Issuer may call for redemption of any one or more of the Notes at any time by giving [] days' notice to the Noteholders and the Agent (and, in the case of Registered Notes, the Registrar))]

23. Optional Redemption (Put) [(Insert details (e.g. a Noteholder may call for redemption of any one or more Notes held by the Noteholder to the Issuer and the Agent (and, in the case of Registered Notes, the Registrar))]

24. Optional Redemption Amount: [(Insert details (e.g. to be determined in accordance with the following formula []))]

25. Optional Redemption Date: []

26. Minimum/Higer Redemption Amount: []

27. Other Redemption details: [(Insert details)]

28. Final Redemption Amount of each Note

In cases where the Final Redemption Amount is Index-Linked or other variable-linked: [[] per Note of [] specified denomination/other/see Appendix]

(i) Index/Formula/variable: [give or annex details]

(ii) Calculation Agent responsible for calculating the Final Redemption Amount: []

(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []

- (iv) Determination Date(s): []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Payment Date: []
- (vii) Minimum Final Redemption Amount: []
- (viii) Maximum Final Redemption Amount: []

29. Early Redemption Amount

Early Redemption Amount(s) of each Note payable on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

30. Form of Notes:

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes on [45] days' notice/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for definitive Notes]

[Permanent Global Note exchangeable for definitive Notes on [45] days' notice/in the limited circumstances specified in the Permanent Global Note]

(Swiss Franc Notes may only be issued as a Permanent Global Note. N.B. a new form of Permanent Global Note conforming to Swiss market practice will be required for Swiss Franc Notes)

Registered Notes:

[Unrestricted Registered Global Note]

[Restricted Registered Global Note]

31. New Global Note:

[Yes/No]

32. Business Days:

[Insert Financial Centres]

[Insert Currencies — e.g. US\$ and CHF]

33. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

34. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/give details]

35. Redenomination applicable:

[Yes/No] [(specify any modifications)]

36. Exchangeability applicable: [Yes/No] [(specify any modifications)]
37. Other final terms or special conditions: [Not Applicable/give details]

DISTRIBUTION

38. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (ii) Date of Subscription Agreement: []
- (iii) Stabilising Manager (if any): [Not Applicable/give name]
39. If non-syndicated, name and address of Dealer: [UBS Limited]
40. Total commission and concession: [] per cent. of the Aggregate Nominal Amount
41. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable]
42. Non-exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported] (“Public Offer Jurisdictions”) during the period from [specify date] until [specify date] (“Offer Period”). See further Paragraph 10 of Part B below.
43. Additional selling restrictions: [Not Applicable/give details]

[LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprises the final terms required for the Notes described herein to be [listed on the Official List and admitted to trading on the Irish Stock Exchange’s regulated market and/or to be admitted to the Official List of the UK Listing Authority and admitted to trading on the regulated market of the London Stock Exchange and/or to be admitted to trading on the Luxembourg Stock Exchange’s regulated market] pursuant to the Euro Medium Term Note Programme of UBS AG.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [● has been extracted from ●. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by ●, no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: [London/Luxembourg/Ireland/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [] with effect from [].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

2. [NOTIFICATION]

The IFSRA has provided the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer []
- (See “Use of Proceeds” wording in Base Prospectus if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

- [(ii)] Estimated net proceeds: []
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

- [(iii)] Estimated total expenses: []

[Include breakdown of expenses.]

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5. [Fixed Rate Notes only – YIELD]

- Indication of yield: []

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. *[Floating Rate Notes only – HISTORIC INTEREST RATES]*

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

7. *[Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/other variable, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS and other information concerning the underlying]*

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is a security need to include the name of the issuer of the security and the ISIN (International Security Identification Number) or other such security identification code. Where the underlying is an interest rate need to include a description of the interest rate. Where the underlying is a basket of underlyings need to include disclosure of the relative weightings of each underlying in the basket. Where the underlying is not an index, a security or an interest rate need to include equivalent information.]]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information]

8. *[Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT]*

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

9. OPERATIONAL INFORMATION

ISIN Code: []

Common Code: []

New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]

Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safe-keeper or directly with Clearstream, Frankfurt, as applicable, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility

criteria.] *[Include this text if “Yes” selected in which case the Notes must be issued in New Global Note form]*

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s): [Not Applicable]/[SIS SegmaInterSettle AG (“SIS”)]/ *[give name(s) and number(s)]*

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): *[Insert Swiss paying agent(s) for Swiss Franc Notes and specify principal Swiss paying agent, if applicable]/[]*

10. TERMS AND CONDITIONS OF THE OFFER

Offer Price: [Issue Price]*[specify]*

Conditions to which the offer is subject: [Not Applicable/*give details*]

Description of the application process: [Not Applicable/*give details*]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/*give details*]

Details of the minimum and/or maximum amount of application: [Not Applicable/*give details*]

Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/*give details*]

Manner in and date on which results of the offer are to be made public: [Not Applicable/*give details*]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/*give details*]

Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/*give details*]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/*give details*]

Taxation

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes who are in any doubt as to their tax positions should consult their professional advisers.

SWITZERLAND

(a) Withholding tax

Notes issued by issuers other than UBS Switzerland: according to the present practice of the Swiss Federal Tax Administration, provided that the net proceeds from the issue of Notes are used outside Switzerland, payments in respect of the Notes by the Issuer are not subject to Swiss withholding tax.

Notes issued by UBS Switzerland: according to the present Swiss law and practice of the Swiss Federal Tax Administration, payments of interest on the Notes and payments which qualify as interest for Swiss withholding tax purposes, are subject to Swiss withholding tax at a rate of currently 35 per cent. If the respective requirements are met, the holder of a Note residing in Switzerland is entitled to a full refund or tax credit for the Swiss withholding tax whereas a holder of a Note who is not resident in Switzerland may be entitled to claim a full or partial refund of the Swiss withholding tax by virtue of the provisions of an applicable double taxation treaty, if any, concluded between Switzerland and the country of residence of such holder.

(b) Issue or Transfer Stamp Tax

Notes issued by issuers other than UBS Switzerland: provided that the net proceeds from the issue of Notes are used outside Switzerland, there is no Swiss federal stamp tax on the issue and redemption of the Notes. Notes with a term of more than 12 months which are sold through a securities dealer (bank or another securities dealer), which qualifies as a Swiss securities dealer under the Swiss Federal Stamp Duty Law, are subject to the Swiss securities transfer stamp tax (turnover tax) of presently 0.3 per cent. with some exceptions as detailed in the Swiss Federal Stamp Duty Law.

Notes issued by UBS Switzerland: the issue of the Notes is subject to the Swiss federal issuance stamp tax of 0.12 per cent. per annum on the aggregate nominal amount of the Notes until maturity (part of a year being treated for such purposes as a whole year). Notes issued with a maturity of twelve months or less are subject to the Swiss federal issuance stamp tax of 0.06 per cent. per annum apportioned for each day of the term of the Notes on a 1/360th calculation basis. UBS Switzerland is liable for the Swiss federal issuance stamp duty on issue of the Notes. There is no transfer stamp tax liability in Switzerland in connection with the issue and redemption of the Notes. Notes with a term of more than 12 months which are sold through a securities dealer (bank or another securities dealer), which qualifies as a Swiss securities dealer under the Swiss Federal Stamp Duty law, are subject to the Swiss securities transfer stamp tax (turnover tax) of presently 0.15 per cent. with some exceptions as detailed in the Swiss Federal Stamp Duty Law.

(c) Other Taxes

Under current Swiss law, a Noteholder who is a non-resident of Switzerland and who during the taxable year has not engaged in trade or business through a permanent establishment in Switzerland and who is not subject to taxation by Switzerland for any other reason will be exempted from any Swiss Federal, Cantonal or Municipal income or other tax on gains on the sale of, or payment received under, any Notes.

Under current Swiss law, Noteholders who are individuals resident in Switzerland and who receive payments of interest on Notes are required to include such payments in their personal income tax return and will be taxable on any net taxable income (including payment of interest on the Notes) for the relevant tax period. Capital gains on sale of a Note held as private asset are tax-free.

Swiss-resident, individual taxpayers who hold Notes as part of Swiss business assets and corporate tax payers regarded as Swiss-tax residents are required to recognise payment of the interests on the Notes and capital gains on sale of a Note in their income statement for the respective tax period and are taxable on any net taxable earnings for such period.

(d) EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of other Member States details of interest or other similar income paid by a

person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

AUSTRALIA

The following is a summary of the taxation treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, “Australian Tax Act”) at the date of this Base Prospectus, of payments of interest (as defined in the Australian Tax Act) on Notes to be issued by UBS AG, Australia Branch under the Programme and certain other matters. It is not exhaustive and, in particular does not deal with the position of certain classes of Noteholders (including, without limitation, dealers in securities, custodians or other third parties who hold the Notes on behalf of other persons).

Prospective Noteholders should be aware that particular terms of issue of any Series of Notes may affect the tax treatment of that and other Series of Notes. The following is a general guide and should be treated with appropriate caution. Prospective holders of the Notes who are in any doubt as to their tax position should consult their professional advisers on the tax implications of an investment in the Notes in their particular circumstances.

1. INTEREST WITHHOLDING TAX

An exemption from Australian interest withholding tax (“IWT”) imposed under Division 11A of Part III of the Australian Tax Act is available, in respect of the Notes issued by UBS AG, Australia Branch, under section 128F of the Australian Tax Act if the following conditions are met:

- (a) UBS AG is a non-resident carrying on business at or through a permanent establishment in Australia when it issues the Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act) is paid. Interest is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts;
- (b) the Notes are issued in a manner which satisfies the public offer test. There are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that UBS AG, Australia Branch is offering those Notes for issue. In summary, the five methods are:
 - (i) offers to 10 or more unrelated financiers or securities dealers;
 - (ii) offers to 100 or more investors;
 - (iii) offers of listed Notes;
 - (iv) offers via publicly available information sources; and
 - (v) offers to a dealer, manager or underwriter who offers to sell the Notes within 30 days by one of the preceding methods.

In addition, the issue of any of those Notes (whether global in form or otherwise) and the offering of interests in any of those Notes by one of these methods should satisfy the public offer test;

- (c) UBS AG does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes or an interest in a Note was being, or would later be, acquired directly or indirectly by an “associate” of UBS AG, except as permitted by section 128F(5) of the Australian Tax Act; and

- (d) at the time of the payment of interest, UBS AG does not know, or have reasonable grounds to suspect, that the payee is an “associate” of UBS AG, except as permitted by section 128F(6) of the Australian Tax Act.

Associates

An “associate” of UBS AG for the purposes of section 128F of the Australian Tax Act includes when the issuer is not a trustee (i) a person or entity which holds more than 50 per cent. of the voting shares in, or otherwise controls, UBS AG, (ii) an entity in which more than 50 per cent. of the voting shares are held by, or which is otherwise controlled by, UBS AG, (iii) a trustee of a trust where UBS AG is capable of benefiting (whether directly or indirectly) under that trust, and (iv) a person or entity which is an “associate” of another person or company which is an “associate” of UBS AG under any of the foregoing.

However, “associate” does not include:

- (A) onshore associates (ie Australian resident associates who do not hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia); or
- (B) offshore associates (ie Australian resident associates who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who do not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia) who are acting in the capacity of:
- (i) in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme; or
- (ii) in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered managed investment scheme.

Exemptions under recent tax treaties

The Australian government has signed new or amended double tax conventions (“New Treaties”) with the United States and the United Kingdom, respectively (each a “Specified Country”).

In broad terms, the New Treaties prevent IWT being imposed on interest derived by either:

- the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and
- a “financial institution” which is a resident of a “Specified Country” and which is unrelated to and dealing wholly independently with UBS AG. The term “financial institution” refers to either a bank or any other form of enterprise which substantially derives its profits by carrying on a business of raising and providing finance. (However, interest under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.)

Also, new double tax conventions have been agreed between Australia and each of France, Norway and Finland. These new conventions contain IWT exemptions similar to those in the New Treaties. The new conventions with France, Norway and Finland have not yet entered into force, nor has a date for their commencement been announced.

Compliance with section 128F of the Australian Tax Act

Unless otherwise specified in a relevant Final Terms (or another relevant supplement to this Base Prospectus), UBS AG, Australia Branch intends to issue Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

Notes in bearer form — Section 126 of the Australian Tax Act

Section 126 of the Australian Tax Act imposes a type of withholding tax at the rate of 45 per cent. on the payment of interest on Notes in bearer form if UBS AG fails to disclose the names and addresses of the holders to the Australian Taxation Office. Section 126 does not apply to the payment of interest on Notes in bearer form held by non-residents who do not carry on business at or through a permanent establishment in Australia where the issue of those Bearer Notes has satisfied the requirements of section 128F of the

Australian Tax Act or IWT is payable. In addition, the Australian Taxation Office has confirmed that for the purpose of section 126 of the Australian Tax Act, the holder of debentures (such as Notes in bearer form) means the person in possession of the debentures. Section 126 is therefore limited in its application to persons in possession of Notes in bearer form who are residents of Australia or non-residents who are engaged in carrying on business in Australia at or through a permanent establishment in Australia. Where interests in the relevant Notes are held through the Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt systems, UBS AG, Australia Branch intends to treat the operators of those clearing systems as the holders of the relevant Bearer Notes for the purposes of Section 126 of the Australian Tax Act.

Payment of Additional Amounts

As set out in more detail in the Terms and Conditions of the Notes, and unless expressly provided to the contrary in the relevant Final Terms (or another relevant supplement to this Base Prospectus), if UBS AG Australia Branch is at any time compelled or authorised by law to deduct or withhold an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia in respect of the Notes, UBS AG Australia Branch must, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that the net amounts received by the holders of those Notes after such deduction or withholding shall equal the respective amounts which would have been received had no such deduction or withholding been required. In the event that UBS AG, Australia Branch is compelled by law in relation to any Notes to deduct or withhold an amount in respect of any withholding taxes, UBS AG, Australia Branch will have the option to redeem such Notes in accordance with the Terms and Conditions.

2. OTHER TAX MATTERS

Subject to paragraph (L), (M) and 3, under Australian laws as presently in effect:

- (A) *income tax — offshore Noteholders* — assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, payment of principal and interest (as defined in section 128A(1AB) of the Australian Tax Act) to a holder of the Notes, who is a non-resident of Australia and who, during the taxable year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income taxes;
- (B) *income tax — Australian Noteholders* — Australian residents or non-Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia (“Australian Holders”), will be assessable for Australian tax purposes on income either received or accrued due to them in respect of the Notes. Whether income will be recognised on a cash receipts or accruals basis will depend upon the tax status of the particular Noteholder and the terms and conditions of the Notes. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located;
- (C) *gains on disposal of Notes — offshore Noteholders* — a holder of the Notes, who is a non-resident of Australia and who, during the taxable year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income tax on gains realised during that year on sale or redemption of the Notes, provided such gains do not have an Australian source. A gain arising on the sale of Notes by a non-Australian resident holder to another non-Australian resident where the Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia would not be regarded as having an Australian source;
- (D) *gains on disposal of Notes — Australian Noteholders* — Australian Holders will be required to include any gain or loss on disposal of the Notes in their taxable income. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located;
- (E) *deemed interest* — there are specific rules that can apply to treat a portion of the purchase price of Notes as interest for withholding tax purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold to an Australian resident (who does not acquire them in the course of carrying on business at or through a permanent establishment outside Australia) or a non-resident who acquires them in the course of carrying on business at or through a permanent establishment in Australia. If the Notes are not issued at a discount and do not have a maturity premium, these rules should not apply to the Notes. These rules also do not

apply in circumstances where the deemed interest would have been exempt under section 128F of the Australian Tax Act if the Notes had been held to maturity by a non-resident;

- (F) *death duties* — no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (G) *stamp duty and other taxes* — no *ad valorem* stamp, issue, registration or similar taxes are payable in Australia on the issue of any Notes or transfer of any Notes;
- (H) *other withholding taxes on payments in respect of Notes* — Section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia (“TAA”) imposes a type of withholding tax at the rate of (currently) 46.5 per cent. on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian Tax File Number (“TFN”), (in certain circumstances) an Australian Business Number (“ABN”) or proof of some other exemption (as appropriate). Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, the requirements of Section 12-140 do not apply to payments to a holder of Notes in registered form who is not a resident of Australia and not holding such Notes in the course of carrying on business at or through a permanent establishment in Australia. Payments to other classes of holders of Notes in registered form may be subject to a withholding where the holder of those Notes does not quote a TFN, ABN or proof of an appropriate exemption (as appropriate);
- (I) *supply withholding tax* — payments in respect of the Notes can be made free and clear of the “supply withholding tax” imposed pursuant to Section 12-190 of Schedule 1 to the TAA;
- (J) *goods and services tax (GST)* — neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia;
- (K) *debt/equity rules* — Division 974 of the Australian Tax Act contains tests for characterising debt (for all entities) and equity (for companies) for Australian tax purposes, including for the purposes of dividend withholding tax and IWT. UBS AG Australia Branch intends to issue Notes which are to be characterised as “debt interests” for the purposes of the tests contained in Division 974 and the returns paid on the Notes are to be “interest” for the purpose of section 128F of the Australian Tax Act. Accordingly, Division 974 is unlikely to adversely affect the Australian tax treatment of holders of Notes;
- (L) *additional withholdings from certain payments to non-residents* — Section 12-315 of Schedule 1 to the TAA gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents. However, section 12-315 expressly provides that the regulations will not apply to interest and other payments which are already subject to the current IWT rules or specifically exempt from those rules. Further, regulations may only be made if the responsible minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations promulgated prior to the date of this Base Prospectus are not relevant to any payments in respect of the Notes. Any further regulations should also not apply to repayments of principal under the Notes, as in the absence of any issue discount, such amounts will generally not be reasonably related to assessable income. The possible application of any future regulations to the proceeds of any sale of the Notes will need to be monitored; and
- (M) *taxation of foreign exchange gains and losses* — Divisions 775 and 960 of the Australian Tax Act contain rules to deal with the taxation consequences of foreign exchange transactions.

The rules are complex and may apply to any Noteholders who are Australian residents or non-residents that hold Notes that are not denominated in Australian dollars in the course of carrying on business in Australia. Any such Note holders should consult their professional advisors for advice as to how to tax account for any foreign exchange gains or losses arising from their holding of those Notes.

3. RECENT DEVELOPMENTS

Taxation of financial arrangements

On 3 January 2007 the Federal Minister for Revenue and Assistant Treasurer issued a revised exposure draft of proposed new rules for the “Taxation of Financial Arrangements”. It is intended that the new rules (if

enacted) would represent a new code for the taxation of receipts and payments in relation to financial arrangements. The proposed new rules contemplate a number of different methods for bringing to account gains and losses in relation to “financial arrangements” (including, fair value, accruals, retranslation, realisation and hedging).

The revised exposure draft states that the proposed new rules are to apply as from the commencement of the first tax year beginning on or after 1 July 2008 (although taxpayers may be able to make an election to apply the proposed rules earlier if they wish to do so). Further, the proposed new rules are not to apply to “financial arrangements” which are current as at the commencement date. In relation to current “financial arrangements” at that time, taxpayers may elect to apply the proposed new rules if they wish, but certain tax adjustments would need to be made if such an election is made.

The revised exposure draft and related official materials do not contain any indication as to how (if at all) the proposed rules are to relate to the imposition of interest withholding tax. However, there is nothing which suggests that the Australian Government intends the new rules to apply in a manner which overrides the exemption available under section 128F of the Australian Tax Act.

It is expected that the Australian Government will consult with taxpayers and industry representatives to develop the final legislation.

Amendments to section 128F of the Australian Tax Act

The Tax Laws Amendment (2007 Measures No. 3) Act 2007 came into force on 25 June 2007. The Act changes the circumstances in which an exemption from Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act will be available. Those changes do not impact the availability of such an exemption in respect of Notes issued by UBS AG under the Programme.

UNITED KINGDOM

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes.

The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

The following assumes that UBS AG is not resident in the United Kingdom for United Kingdom tax purposes, that (except in the case of Notes issued by UBS AG London Branch) UBS AG is not issuing the Notes for the purposes of a trade or other business carried on by it in the United Kingdom and that only interest on Notes issued by UBS AG London Branch has a United Kingdom source.

1. UK WITHHOLDING TAX ON UK SOURCE INTEREST

1.1 UK Notes listed on a recognised stock exchange

The Notes issued by UBS AG London Branch which carry a right to interest (“UK Notes”) will constitute “quoted Eurobonds” provided they are and continue to be listed on a recognised stock exchange. On the basis of Her Majesty’s Revenue and Customs’ published interpretation of the relevant legislation, securities which are to be listed on a stock exchange in a country which is a member state of the European Union or which is part of the European Economic Area will satisfy this requirement if they are listed by a competent authority in that country and are admitted to trading on a recognised stock exchange in that country; securities which are to be listed on a stock exchange in any other country will satisfy this requirement if they are admitted to trading on a recognised stock exchange in that country. The London Stock Exchange,

the Luxembourg Stock Exchange and the Irish Stock Exchange are each recognised stock exchanges for these purposes. The United Kingdom Finance Bill 2007 includes a new statutory meaning of the term “listed on a recognised stock exchange”. If the draft legislation is enacted in its current form, from the date on which the Finance Bill 2007 receives Royal Assent securities will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. Whilst the UK Notes are and continue to be quoted Eurobonds, payments of interest on the UK Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

1.2 All UK Notes

In addition to the exemption set out in 1.1 above, interest on the UK Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as UBS AG London Branch is a “bank” for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by UBS AG London Branch in the ordinary course of its business. In accordance with the published practice of Her Majesty’s Revenue and Customs, such payments will be accepted as being made by UBS AG London Branch in the ordinary course of its business unless either:

- (i) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the Financial Services Authority whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
- (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

1.3 Interest on the UK Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax if and so long as UBS AG London Branch is authorised for the purposes of the Financial Services and Markets Act 2000 and its business consists wholly or mainly of dealing in financial instruments (as defined by section 984 of the Income Tax Act 2007) as principal and so long as such payments are made by UBS AG London Branch in the ordinary course of its business.

1.4 All other cases

In all cases falling outside the exemptions described in 1.1, 1.2 and 1.3 above, interest on the UK Notes may fall to be paid under deduction of United Kingdom income tax at the savings rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.

2. PAYMENTS UNDER DEED OF COVENANT

Any payments made by UBS AG London Branch under the Deed of Covenant may not qualify for the exemptions from UK withholding tax described in 1 above.

3. PROVISION OF INFORMATION

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by UBS AG London Branch or any person in the United Kingdom acting on behalf of the Issuer (a “paying agent”), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a “collecting agent”), then UBS AG London Branch, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to Her Majesty’s Revenue and Customs details of the payment and certain details relating to the Noteholder (including the Noteholder’s name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. In certain circumstances, the details provided to Her Majesty’s Revenue and Customs may be passed by Her Majesty’s Revenue and Customs to the tax authorities of certain other jurisdiction.

For the above purposes, “interest” should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on Notes.

With effect from 6 April 2008 the provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes where the amount payable on redemption is greater than the issue price of the Notes.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “EU Savings Tax Directive”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States including Jersey, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain types of entity established in one of those territories.

4. OTHER RULES RELATING TO UNITED KINGDOM WITHHOLDING TAX

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes should not be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in 1 above, but may be subject to reporting requirements as outlined in 3 above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to “interest” in this summary of the United Kingdom withholding tax position mean “interest” as understood in United Kingdom tax law. The statements in this summary do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

JERSEY

Interest bearing notes issued by UBS AG Jersey Branch, which is an International Business Company for the purposes of the application of the Income Tax (Jersey) Law, 1961 (as amended) will qualify for the payment of interest without any withholding or deduction on account of Jersey income tax.

EU Savings Tax Directive

As part of an agreement reached in connection with the EU directive on the taxation of savings income in the form of interest payments, and in line with steps taken by other relevant third countries, Jersey introduced with effect from 1 July 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax system in Jersey is implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005

and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey. Based on these provisions and what is understood to be the current practice of the Jersey tax authorities, the Issuer would not be obliged to levy retention tax in Jersey under these provisions in respect of interest payments made by it to a paying agent established outside Jersey.

Selling Restrictions

Subject to all legal and regulatory requirements, Notes may be issued from time to time by the Issuer to any one or more of UBS Limited, UBS Securities LLC and UBS AG (the “Dealers”) or to any other person. The arrangements under which Notes may from time to time be agreed to be issued by the Issuer to, and subscribed by, Dealers are set out in an amended and restated dealer agreement dated 4 July 2007 (the “Dealer Agreement”) and made between the Issuer and the Dealers, as such agreement may be amended or supplemented or superseded from time to time. Any such agreement for the issue and subscription of Notes will, *inter alia*, cover the price of the Notes, any commissions or other deductibles in respect of the Notes, the Form of the Notes, any other commercial terms of the issue and subscription of the Notes themselves, and any syndication or underwriting of the issue. The Dealer Agreement makes provision for the resignation or renewal of existing Dealers and the appointment of additional or other Dealers, either generally in respect of the Programme or in relation to a particular Series or Tranche of Notes.

GENERAL

With the exception of the approval by the IFSRA of this Base Prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Ireland, no action has been or will be taken in any jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material and to obtain any consent, approval or permission required by them for the purchase, offer, sale or delivery by them of any Notes under the law and regulations in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales or deliveries, in all cases at their own expense, and neither the Issuer nor any Dealer shall have responsibility therefor. In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

In particular, but without limiting the generality of the preceding paragraph, and subject to any amendment or supplement which may be agreed with the Issuer in respect of any particular Series or Tranche, each purchaser of Notes must comply with the restrictions described below, except to the extent that, as a result of changes in, or in the official interpretation of, any applicable legal or regulatory requirements, non-compliance would not result in any breach of the requirements set forth in the preceding paragraph.

THE UNITED STATES OF AMERICA

(Regulation S Category 2; TEFRA D, unless TEFRA C is specified as applicable in the relevant Final Terms; Rule 144A eligible if so specified in the relevant Final Terms)

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (“Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and regulations thereunder.

Each Dealer represents and agrees that, except as provided in the Dealer Agreement, it has not offered and sold Notes and will not offer and sell Notes of any Tranche (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the date of issue of the relevant Tranche of Notes and the completion of the distribution of such Tranche, as determined and certified to the Agent or the Issuer by the relevant Dealer (or in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified), within the United States or to, or for

the account or benefit of, US persons and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes of such Tranche from it during the distribution compliance period (other than pursuant to Rule 144A under the Securities Act) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Dealer Agreement provides that the relevant Final Terms may provide that a Dealer may, through its respective US Affiliates, arrange for resales of the Notes in the United States to qualified institutional investors (as defined in Rule 144A under the Securities Act) pursuant to Rule 144A under the Securities Act.

In addition, until 40 days after the completion of the offering of any Tranche of Notes, an offer or sale of Notes of such Tranche within the United States by a dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

Each Series of Notes will also be subject to such further United States selling restrictions as the Issuer and the relevant Dealer(s) may agree and as indicated in the relevant Final Terms.

EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

UNITED KINGDOM

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not or would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

AUSTRALIA

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or the Notes has been lodged with the Australian Securities and Investments Commission (“ASIC”). Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, unless the relevant Final Terms (or another relevant supplement to this Base Prospectus) otherwise provides, it:

- (a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of the Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, the Base Prospectus or any other offering material or advertisement relating to the Notes in Australia, unless (i) the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or the equivalent in another currency, in either case disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act, and (ii) such action complies with all applicable laws, regulations and directives and does not require any document to be lodged with ASIC.

In addition, and unless the relevant Final Terms otherwise provides, each Dealer has agreed that, in connection with the primary distribution of Notes issued by UBS AG, Australia Branch, it will not offer or sell such Notes to any person if, at the time of such sale, the officers and employees of the Dealer aware of, or involved in, the sale knew or had reasonable grounds to suspect that, as a result of such sale, any such Notes or an interest in any such Notes were being, or would later be, acquired (directly or indirectly) by an “associate” of UBS AG within the meaning of section 128F(9) of the Australian Tax Act, except as permitted by section 128F(5) of the Australian Tax Act.

JAPAN

In connection with the distribution, sale, resale, offer, reoffer, directly or indirectly, of the Notes issued by the Issuer, each Dealer subscribing for or purchasing such Notes has represented, warranted and undertaken, or will represent, warrant and undertake to the Issuer and each other Dealer (if any) that:

- (a) in relation to any Notes distributed or intended to be distributed to qualified institutional investors in Japan (as defined in the Securities Exchange Law of Japan as amended and supplemented from time to time (the “SEL”, expected to be renamed and replaced by the Financial Instruments and Exchange Law in September 2007)), pursuant to Paragraph 1 of Article 23-13 of the SEL, it shall notify the potential investors and the holders of the Notes that such Notes have not been, and will not be, registered under the SEL. In accordance with the provisions of Paragraph 3 of Article 2 of the SEL, its sale of the Notes is conditional upon the holders of the Notes agreeing not to transfer the Notes to transferees other than the qualified institutional investors;
- (b) in relation to any Notes distributed or intended to be distributed to small number of investors in Japan, pursuant to Paragraph 3 of Article 23-13 of the SEL it shall notify the potential investors and the holders of the Notes that such Notes have not been, and will not be, registered under the SEL. In accordance with the provisions of Paragraph 3 of Article 2 of the SEL, its sale of the Notes is conditional upon the holders of the Notes agreeing not to transfer the Notes to transferees other than the sole transferee at one time as for resale; and/or
- (c) in relation to any Notes offered or intended to be offered to less than 50 investors in Japan, pursuant to Paragraph 4 of Article 23-13 it shall notify the potential investors and the holders of the Notes that such Notes have not been, and will not be, registered under the SEL. In accordance with the provisions of Paragraph 3 of Article 2 of the SEL, the total number of the Notes is less than 50 and the Notes shall be tradable only in principal amount of at least the Specified Denomination set out in the relevant Final Terms; or
- (d) otherwise, the Notes will not be offered or sold directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, or to others for reoffering or resale, directly or indirectly, in Japan or to a resident of Japan except under circumstances which will result in compliance with applicable laws, regulations and guidelines promulgated by the relevant Japanese Government and Regulatory Authorities and in effect at the relevant time. The Notes have not been and will not be registered under the SEL.

Issues of Notes denominated in Japanese Yen are subject to post-facto reporting to the Minister of Finance of Japan.

JERSEY

The Notes:

- (i) may not be offered to, sold to or purchased by, persons resident for income tax purposes in Jersey (other than international business companies within the meaning of Article 123B of the Income Tax (Jersey) Law, 1961 as amended or financial institutions in the normal course of business); and
- (ii) in the case of Registered Notes, may not be transferred to persons resident for income tax purposes in Jersey (other than international business companies within the meaning Article 123B of the Income Tax (Jersey) Law, 1961 as amended or financial institutions in the normal course of business) unless the Registrar is satisfied that the beneficial owner thereof is not resident in Jersey for income tax purposes.

SINGAPORE

No term sheet, prospectus or other issue documentation relating to the Notes has been or will be registered as a prospectus with the Monetary Authority of Singapore (the “MAS”) under the Securities and Futures Act (Cap. 289) of Singapore (the “Securities and Futures Act”). Accordingly, the Notes have not been and will not be offered or sold or made the subject of an invitation for subscription or purchase nor may the term sheets, global securities or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, (2) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

HONG KONG

1. It has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
2. It has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

TAIWAN

The Notes may not be offered, sold or distributed in Taiwan to Taiwanese residents or entities incorporated in Taiwan other than in accordance with the laws and regulations of Taiwan. Each purchaser of the Notes confirms that it will not on-sell or distribute the Notes in Taiwan to Taiwanese residents or entities incorporated in Taiwan other than in accordance with laws and regulations of Taiwan.

Transfer Restrictions relating to US Sales

1. TRANSFER RESTRICTIONS

On or prior to the 40th day after the issue date of a Tranche of Notes represented by an Unrestricted Global Note, a beneficial interest in the Unrestricted Global Note may be transferred to a person who wishes to hold such beneficial interest through the Restricted Global Note only upon receipt by the Registrar of a written certification from the transferor (in substantially the form scheduled to the Agency Agreement) to the effect that such transfer is being made to a person who is or whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A of the Securities Act (“Rule 144A”), in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States and any other jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Note, as set forth in (iii) below.

A beneficial interest in the Restricted Global Note may also be transferred to a person who wishes to hold such beneficial interest through the Unrestricted Global Note only upon receipt by the Registrar of a written certification from the transferor (in substantially the form scheduled to the Agency Agreement) to the effect that such transfer is being made in accordance with applicable securities laws.

Any beneficial interest in either the Restricted Global Note or the Unrestricted Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in the other such Global Note will, upon transfer, cease to be a beneficial interest in such Registered Global Note and become a beneficial interest in the other such Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in the other such Global Note for so long as such person retains such an interest.

Each purchaser of Notes offered in reliance on Rule 144A under the Securities Act will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or in Regulation S under the Securities Act are used herein as defined therein):

- (i) It (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of one or more a qualified institutional buyers, (C) is not formed for the purpose of investing in the Notes or the Company and (D) is aware, and each beneficial owner of such Notes has been advised, that the sale of the Notes to it is being made in reliance on Rule 144A.
- (ii) It understands that the Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act or any other applicable securities law and may not be offered, sold, pledged, or otherwise transferred except in accordance with the legend set forth in (iii) below.
- (iii) The Restricted Global Notes and any Registered Notes in definitive form offered in reliance on Rule 144A or exchanged for Restricted Global Notes (“Restricted Definitive Notes”) will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

“THIS GLOBAL NOTE EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) TO A PERSON THAT THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “QIB”) UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (4) PURSUANT TO ANY EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO

REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE NOTES.”

Upon the transfer, exchange or replacement of a Restricted Global Note or a Restricted Definitive Note bearing the legend referred to above, or upon specific request for removal of the legend, the Issuer will deliver only Restricted Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar an opinion reasonably satisfactory to the Issuer of United States counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required to maintain compliance with the provisions of such laws.

2. EXCHANGE OF INTERESTS IN REGISTERED GLOBAL NOTES FOR REGISTERED DEFINITIVE NOTES

Beneficial interests in a Restricted Global Note will be exchangeable for Restricted Definitive Notes: (i) if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the relevant Restricted Global Note or ceases to be a “clearing agency” registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depository; or (ii) if the Issuer, at its option, elects to terminate the book-entry system through DTC; or (iii) if an event of default occurs as set out in Condition 12; or (iv) if so specified in the relevant Final Terms, if the holder of the relevant Restricted Global Note requests that such interest be exchanged for Restricted Definitive Notes in the relevant form.

Beneficial interests in an Unrestricted Global Note will be exchangeable, in whole but not in part, for Registered Notes in definitive form (“Unrestricted Definitive Notes” together with the Restricted Definitive Notes, the “Registered Definitive Notes”): (i) if Euroclear or Clearstream, Luxembourg or Clearstream, Frankfurt is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or (ii) if an event of default occurs as set out in Condition 12; or (iii) if so specified in the relevant Final Terms, if the holder of the relevant Unrestricted Global Note requests that such interest be exchanged for Unrestricted Definitive Notes in the relevant form.

In such circumstances, the Issuer shall procure the delivery of Unrestricted Definitive Notes in exchange for the Unrestricted Global Notes and/or Restricted Definitive Notes in exchange for the Restricted Global Notes, as the case may be. A person having an interest in a Registered Global Note must provide the Registrar with (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Registered Definitive Notes and (ii) in the case of the Restricted Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Restricted Definitive Notes issued in exchange for a beneficial interest in the Restricted Global Note shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under “Transfer Restrictions”.

The Registrar will not register the transfer of or exchange of interests in a Registered Global Note for Registered Definitive Notes for a period of 15 calendar days ending on the due date for any payment of principal.

General Information

1. The establishment and update of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 24 June 1998.
2. Application has been made to the Irish Stock Exchange for Notes issued under the Programme to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange. It is expected that each Series of Notes which is to be admitted to the Irish Stock Exchange will be admitted separately as and when it is issued, subject only to the issue of the relevant Notes (in Bearer or Registered form and in global or definitive form).

It is expected that the admission of Notes issued under the Programme to the Official List of the UKLA and the admission to trading on the regulated market of the London Stock Exchange will be granted after the IFSRA has provided the FSA with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.

It is further expected that the admission of Notes issued under the Programme to trading on the Luxembourg Stock Exchange's regulated market will be granted after the IFSRA has provided the CSSF with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive. Prior to the listing of any Notes, the constitutional documents of the Issuer and the legal notice relating to the issue were registered with the Registre de Commerce et des Sociétés à Luxembourg where copies of these documents may be obtained upon request. The Luxembourg Stock Exchange has allocated the number 12392 to the Programme.

3. In relation to any Series of Notes traded on the London Stock Exchange, the trading of the Notes will be expressed as a percentage of their principal amount (excluding interest).
4. The Issuer has undertaken, in connection with the admission to trading of the Notes that if while the Notes are outstanding and admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange and/or listed on the Official List of the UKLA and admitted to trading on the regulated market of the London Stock Exchange and/or listed on the Official List of the Irish Stock Exchange and admitted to trading on the Irish Stock Exchange's regulated market there shall occur any significant new factor which is not reflected in the Base Prospectus (or any supplements thereto or any of the documents incorporated by reference in the Base Prospectus) and/or there shall be any material mistake or inaccuracy relating to the information included in the Base Prospectus (or any supplements thereto or any of the documents incorporated by reference in the Base Prospectus), in each case which is capable of affecting the assessment of the Notes, the Issuer will prepare or procure the preparation of any amendment or supplement to this Base Prospectus or, as the case may be, publish a new Base Prospectus for use in connection with any subsequent offering by the Issuer of Notes to be admitted to the Official List of the UKLA and to trading on the regulated market of the London Stock Exchange and/or the regulated market of the Luxembourg Stock Exchange and/or the Irish Stock Exchange's regulated market.
5. Save as disclosed in this Base Prospectus, the Issuer is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its subsidiaries taken as a whole.
6. Except as disclosed in this Base Prospectus there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the financial or trading position of the UBS Group since 31 December 2006.
7. For the years ended 31 December 2002, 2003, 2004, 2005 and 2006 the consolidated financial statements of UBS AG were audited, without qualification, by Ernst & Young Ltd, chartered accountants. Ernst & Young Ltd is a member of the Swiss Chamber of Auditors.
8. As long as any Notes are admitted to Official List of the UKLA and to trading on the regulated market of the London Stock Exchange, the Luxembourg Stock Exchange's regulated market and the Irish Stock

Exchange's regulated market, Paying Agents will be maintained in London, Luxembourg and Dublin respectively.

9. For so long as the Programme remains in effect or any Notes shall be outstanding, electronic versions of the following documents (including English translations where relevant) may be inspected at the registered office of the Issuer, the office of the Agent in London, the office of the Paying Agent in Luxembourg and the office of the Paying Agent in Dublin and, in the case of items (ii) and (vi) to (viii) below, shall be available free of charge from the office of the Paying Agent in Luxembourg:
 - (i) the Articles of Association of UBS AG;
 - (ii) any amendment or supplement to this Base Prospectus published since the date of this Base Prospectus;
 - (iii) the Dealer Agreement;
 - (iv) the Agency Agreement;
 - (v) the Deed of Covenant;
 - (vi) the published audited consolidated accounts and audit report of the UBS Group for the financial years ended 31 December 2005 and 2006 and the unaudited quarterly interim financial statements for the period ended 31 March 2007;
 - (vii) each Final Terms and subscription agreement for Notes that are admitted to trading on the regulated market of the London Stock Exchange or admitted to trading on the Luxembourg Stock Exchange's regulated market or the Irish Stock Exchange's regulated market.
10. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate codes allocated by Euroclear, Clearstream, Luxembourg or any other clearing system for each Series of Notes, together with the relevant International Securities Identification Number, will be contained in the relevant Final Terms relating thereto.
11. Regulations in Australia restrict or prohibit payments, transactions and dealings with assets having a prescribed connection with certain countries or named individuals or entities subject to international sanctions or associated with terrorism.
12. There are no material contracts having been entered into outside the ordinary course of the Issuer's business, and which could result in any member of the UBS Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders.
13. In addition to the applications already described in this Base Prospectus, the Issuer may, on or after the date of this Base Prospectus, make applications for one or more further certificates of approval under Article 18 of the Prospectus Directive as implemented in Ireland to be issued by the IFRSA to the competent authority in any Member State.

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