

# Invitation to the Annual General Meeting of UBS AG

**Wednesday, 23 April 2008, 10:30 a.m.**  
**(Doors open at 9:30 a.m.)**

**St. Jakobshalle, Brüglingerstrasse 21, Basel**

## **Agenda**

1. Annual Report, Group and Parent Company Accounts for Financial Year 2007  
Reports of the Group and Statutory Auditors
2. Appropriation of Results
3. Amendments to the Articles of Association
  - 3.1. Reduction of the Term of Office of Members of the Board of Directors From  
Three Years to One Year (Article 19 para. 1 of the Articles of Association)
  - 3.2. References to Group Auditors (Articles 17 lit. b, 25 lit. c, 31 para. 1 and 2 and  
Title D of the Articles of Association)
4. Elections
  - 4.1. Re-election of Members of the Board of Directors
    - 4.1.1. *Marcel Ospel-not standing for re-election\**
    - 4.1.2. Peter Voser
    - 4.1.3. Lawrence A. Weinbach
  - 4.2. *Election of New Members of the Board of Directors\**
    - 4.2.1. David Sidwell
    - 4.2.2. *Peter Kurer\**
  - 4.3. Re-election of the Auditors (Ernst & Young Ltd., Basel)
5. Ordinary Capital Increase  
Rights Offering

## **Introduction**

### **Requests for the Inclusion of Items on the Agenda**

On 8 February 2008, UBS AG published a notice in the Swiss Official Commercial Gazette (Schweizerisches Handelsamtsblatt), various Swiss and international newspapers as well as on its website at [www.ubs.com/shareholder-meeting](http://www.ubs.com/shareholder-meeting). Qualifying shareholders were invited to submit their requests for the inclusion of individual items on the agenda by 3 March 2008. On 25 February 2008, Profond Vorsorgeeinrichtung ("Profond") submitted a request for an ordinary capital increase by means of a rights offering resulting in proceeds in the amount of approximately CHF 10 billion. No further requests were submitted.

## Organizational Issues

### Admission Cards for the Annual General Meeting

Shareholders recorded in the Share Register of UBS AG *in Switzerland* may order their admission cards by sending the order form attached to this invitation to the following address until 17 April 2008:

UBS AG, Shareholder Services, P.O. Box, CH-8098 Zurich.

Shareholders recorded in the Share Register *in the United States of America* may request their admission cards, in writing, at the following address until 17 April 2008:

BNY Mellon Shareowner Services, Proxy Processing, P.O. Box 3510, S. Hackensack, NJ 07606-9210.

Previously issued admission cards will become invalid if the corresponding shares are sold prior to the Annual General Meeting. These cards will be recalled if the Share Register is informed of the sale.

### Representation at the Annual General Meeting

Shareholders may be represented at the Annual General Meeting by their legal representative or, with a written proxy, by their custodial bank or by any other shareholder entitled to vote at the Annual General Meeting. In addition, every shareholder has the option of having his or her shares represented at the Annual General Meeting, free of charge, by:

- UBS AG, P.O. Box, CH-8098 Zurich  
as a corporate or custody proxy
- Altorfer Duss & Beilstein AG  
(Dr. Urs Zeltner, Attorney and Notary)  
P.O. Box, CH-8010 Zurich  
as an independent proxy.

Zurich and Basel, 1 April 2008

UBS AG  
For the Board of Directors:

Marcel Ospel, Chairman

## Item 1

### **Annual Report, Group and Parent Company Accounts for Financial Year 2007 Reports of the Group and Statutory Auditors**

#### *A. Motion*

The Board of Directors proposes that the Report on the Financial Year 2007 and the Group and Parent Company Accounts for 2007 be approved.

#### *B. Explanations*

The reports of the Board of Directors and the Group Executive Board on the financial year 2007 are contained in the "Financial Statements". Additional information on the strategy, organization and activities of the Group and the Business Groups, as well as on risk management and control may be found in the respective reports ("Strategy, Performance and Responsibility Report" and "Risk, Treasury and Capital Management Report"). Information relating to corporate governance as required by the SWX Swiss Exchange Directive and the amended Swiss Code of Obligations ("CO") can be found in the "Corporate Governance and Compensation Report 2007". These reports are also available on the internet at [www.ubs.com/investors](http://www.ubs.com/investors). Shareholders registered in the Share Register in Switzerland will receive the respective reports as per their individual orders. Shareholders in the US who are registered with BNY Mellon Shareowner Services will receive a copy of the Review 2007, which contains the most important information relating to UBS's performance in 2007.

The Group income statement shows total operating income of CHF 31 980 million and total operating expenses of CHF 34 915 million, resulting in an operating loss from continuing operations before tax of CHF 2 935 million and a net loss attributable to UBS shareholders of CHF 4 384 million. The Financial Businesses (excluding Industrial Holdings) achieved a net loss attributable to UBS shareholders of CHF 4 970 million. Total consolidated assets decreased by CHF 73,8 billion to reach a new total of CHF 2 272,6 billion. Equity attributable to UBS shareholders totalled CHF 35,6 billion.

Parent Company net loss was CHF 4 251 million. Total operating income of CHF 21 339 million and total operating expenses of CHF 18 696 million resulted in an operating profit of CHF 2 643 million. Depreciation, write-offs and provisions amounted to CHF 11 440 million and extraordinary income to CHF 4 665 million. Extraordinary expenses totalled CHF 4 million and taxes amounted to CHF 115 million.

In their reports to the Annual General Meeting, Ernst & Young Ltd., as Group and Statutory Auditors, recommended without qualification that the Group and Parent Company Accounts be approved. The Group Auditors confirm that, in their opinion, the Group Financial Statements accurately reflect the consolidated financial position of UBS AG and the consolidated results of operations and cash flows, in conformity with the International Financial Reporting Standards (IFRS), and that they comply with Swiss law. With respect to the Parent Company, the Statutory Auditors confirm that the accounting records and financial statements and the proposal of the Board of Directors relating to the proposed

appropriation of results comply with Swiss law and with the Articles of Association of UBS AG.

As UBS AG has already informed, the Swiss Federal Banking Commission ("EBK") has initiated an investigation into the effects of the US mortgage crisis on UBS AG, the root causes of UBS AG's losses in this area, and what the appropriate corrective measures are. As a first step, UBS AG is required by the end of Q1 2008 to prepare a report providing a detailed analysis of the causes, as well as recommendations on how such events can be avoided in the future. In order to ensure objectivity, two law firms and an external auditing firm support the UBS AG internal working group responsible for the report.

On 14 March 2008, Ethos, Swiss Foundation for Sustainable Development ("Ethos"), published a press release stating that they had agreed with UBS AG on the following procedure and accordingly will not pursue its request for a special audit raised at the Extraordinary General Meeting of 27 February 2008. On or around the date of the Annual General Meeting, UBS AG will provide its shareholders with a comprehensive summary of the report submitted to the EBK. UBS AG will keep shareholders informed on the further developments of the EBK investigation and will publish further reports on the results of such investigation (subject to EBK approval). UBS AG, together with Ethos, will appoint an independent expert who will on behalf of UBS's shareholders review the complete reports and the summaries thereof and determine whether the shareholders receive fair summaries of the complete reports.

Once the EBK investigation is closed, the Board of Directors will ask for discharge for the financial year 2007.

## **Item 2**

### **Appropriation of Results**

#### *A. Motion*

The Board of Directors proposes the following appropriation:

*CHF million*

Loss for the financial year 2007 as per the Parent Bank's Income Statement  
Appropriation to other reserves

CHF (4,251)  
CHF (4,251)

#### *B. Explanations*

The loss of the current year will be set-off against the other reserves.

While the Board of Directors proposes no cash dividend for the financial year 2007, the Extraordinary General Meeting of 27 February 2008 authorized the Board of Directors to issue up to 103,7 million new shares to replace the cash dividend for the financial year 2007 with a stock dividend. The final exchange ratio for the entitlement to the stock dividend will be announced no later than at the Annual General Meeting.

### Item 3

#### Amendments to the Articles of Association

##### 3.1. Reduction of the Term of Office of Members of the Board of Directors From Three Years to One Year (Article 19 para. 1 of the Articles of Association)

###### A. Motion

The Board of Directors proposes to reduce the term of office of the members of the Board of Directors from the current three years to one year and that Article 19 para. 1 of the Articles of Association be replaced by the following:

<i>Current Version</i>	<i>Proposed New Version</i>
<p><i>Article 19 para. 1</i></p> <p><sup>1</sup> The term of office for members of the Board of Directors is three years, with the interval between two Annual General Meetings being deemed a year for this purpose. The initial term of office for each Director shall be fixed in such a way as to assure that about one third of all the members have to be newly elected or re-elected every year.</p>	<p><i>Article 19 para. 1</i></p> <p><sup>1</sup> The term of office for members of the Board of Directors is one year, with the interval between two Annual General Meetings being deemed a year for this purpose.</p>

###### B. Explanations

The new term of office will apply to this year's and all future elections and re-elections of the members of the Board of Directors. All current members of the Board of Directors can continue their three-year tenure; the one-year term will apply going forward once a particular member of the Board of Directors stands for re-election. As a result, by 2010 at the latest, the entire Board of Directors of UBS AG will be confirmed on a yearly basis by the Annual General Meeting.

**3.2. References to Group Auditors (Articles 17 lit. b, 25 lit. c, 31 para. 1 and 2 and Title D of the Articles of Association)**

*A. Motion*

The Board of Directors proposes to delete all references to the Group Auditors and that Articles 17 lit. b, 25 lit. c, 31 para. 1 and 2, as well as Title D of the Articles of Association be replaced by the following:

<i>Current Version</i>	<i>Proposed New Version</i>
<p><i>Article 17 lit. b</i></p> <p>...</p> <p>b) To elect the members of the Board of Directors, the Statutory Auditors and the Group Auditors</p> <p>...</p>	<p><i>Article 17 lit. b</i></p> <p>...</p> <p>b) To elect the members of the Board of Directors and the Auditors</p> <p>...</p>
<p><i>Article 25 lit. c</i></p> <p>...</p> <p>c) Consideration of reports prepared by the Statutory and Group Auditors concerning the annual financial statements.</p>	<p><i>Article 25 lit. c</i></p> <p>...</p> <p>c) Consideration of reports prepared by the Auditors concerning the annual financial statements.</p>
<p><i>Article 31 para. 1 and 2</i></p> <p><sup>1</sup> An auditing company is to be appointed as Statutory and Group Auditors.</p> <p><sup>2</sup> The shareholders in General Meeting shall elect the Statutory and Group Auditors for a term of one year. The rights and duties of the Statutory and Group Auditors are determined by the provisions of the law.</p>	<p><i>Article 31 para. 1 and 2</i></p> <p><sup>1</sup> An auditing company subject to governmental supervision as required by law is to be appointed as Auditors.</p> <p><sup>2</sup> The shareholders in the General Meeting shall elect the Auditors for a term of office of one year. The rights and duties of the Auditors are determined by the provisions of the law.</p>
<p><i>Title D</i></p> <p>Corporate bodies</p> <p>D. Statutory and Group Auditors</p>	<p><i>Title D</i></p> <p>Corporate bodies</p> <p>D. Auditors</p>

*B. Explanations*

As of 1 January 2008, the Swiss Code of Obligations was partly amended. As part of this revision, the distinction between Statutory Auditors and Group Auditors was abolished. As from 1 January 2008, (i) the statutory financial statements of a Swiss corporation and (ii) the consolidated financial statements of the corporation and its subsidiaries need to be audited by one auditor. These amendments to the Articles of Association do not change anything in substance.

## Item 4

### Elections

#### 4.1. Re-election of Members of the Board of Directors

On the basis of the approval of Article 19 para. 1 of the Articles of Association as set forth in Agenda Item 3, the Board of Directors proposes that Peter Voser and Lawrence A. Weinbach, each of whose term of office expires at the 2008 Annual General Meeting, be re-elected for a one-year term. If the shareholders should reject the proposed modification of Article 19 para. 1 of the Articles of Association, the re-elections under this Agenda Item 4.1. shall be for a three-year term of office as per the current Articles of Association.

##### **4.1.1. Marcel Ospel\***

*On 31 March 2008, Marcel Ospel declared that he will not stand for re-election at the Annual General Meeting 2008. Under these circumstances, this agenda point will be redundant.*

##### **4.1.2. Peter Voser**

###### *A. Motion*

The Board of Directors proposes that Peter Voser be re-elected for an additional one-year term of office.

###### *B. Explanations*

The term of office of Peter Voser expires at the 2008 Annual General Meeting. He is prepared to stand for re-election.

Peter Voser (1958) was elected to the Board of Directors at the Annual General Meeting in April 2005. He has been a member of the Audit Committee since 2006. Peter Voser will take over as Chairman of the Audit Committee from Lawrence A. Weinbach. Peter Voser has been Chief Financial Officer of Royal Dutch Shell plc in London since 2004 and is also a board member of the Federal Auditor Oversight Authority.

A more detailed CV may be found in the "Corporate Governance and Compensation Report 2007" as well as on the internet at [www.ubs.com/boards](http://www.ubs.com/boards).

##### **4.1.3. Lawrence A. Weinbach**

###### *A. Motion*

The Board of Directors proposes that Lawrence A. Weinbach be re-elected for an additional one-year term of office.

*B. Explanations*

The term of office of Lawrence A. Weinbach expires at the 2008 Annual General Meeting. He is prepared to stand for re-election.

Lawrence A. Weinbach (1940) was elected to the Board of Directors at the Annual General Meeting in April 2001. As Chairman of the Audit Committee, Lawrence A. Weinbach expressed his desire to hand over the Chairmanship of this committee. He will be succeeded as Chairman by Peter Voser but will remain a member of the Audit Committee and continue to provide his valuable experience and expertise.

Lawrence A. Weinbach is a partner of Yankee Hill Capital Management LLC, a private equity firm based in Southport, CT (USA).

A more detailed CV may be found in the "Corporate Governance and Compensation Report 2007" as well as on the internet at [www.ubs.com/boards](http://www.ubs.com/boards).

***4.2. Election of New Members of the Board of Directors\****

*On the basis of the approval of Article 19 para. 1 of the Articles of Association as set forth in Agenda Item 3, the Board of Directors proposes that David Sidwell and Peter Kurer be elected for a one-year term each. If the shareholders should reject the proposed modification of Article 19 para. 1 of the Articles of Association, the elections under this Agenda Item 4.2. shall be for a three-year term of office as per the current Articles of Association.*

***4.2.1 David Sidwell***

*A. Motion*

The Board of Directors proposes that David Sidwell be elected as a non-executive member of the Board of Directors for a one-year term of office.

*B. Explanations*

David Sidwell (1953) retired as Chief Financial Officer and member of the management committee at Morgan Stanley at the end of 2007. In this role he led a finance function of 3,000 professionals and played a central role in Morgan Stanley's efforts to improve its risk-taking and capital allocation through his performance evaluation of its businesses.

David Sidwell joined Morgan Stanley in 2004 following a 20 year career with JP Morgan. After the merger of JP Morgan with Chase in 2000 and until he left in March 2004, he was Chief Financial Officer of the investment bank.

He is a trustee of the International Accounting Standards Committee Foundation, a member of the Advisory Committee of the US Securities and Exchange Commission (SEC) and an independent director of the MSCI Barra Inc.

#### **4.2.2. Peter Kurer\***

##### *A. Motion*

*The Board of Directors proposes that Peter Kurer be elected as an executive member of the Board of Directors for a one-year term of office.*

##### *B. Explanations*

*In the official invitation of 31 March 2008, the Board of Directors has reserved the right to nominate additional persons for election as new members of the Board of Directors. As a result of Marcel Ospel's decision not to stand for re-election between the time of printing and the publication of the invitation, the Board of Directors has resolved to propose Peter Kurer for election as executive member of the Board of Directors. Pending his election, the Board of Directors intends to appoint Peter Kurer as Chairman of the Board.*

*Peter Kurer (1949) joined UBS in 2001 as Group General Counsel and has been a member of the Group Executive Board since 2002. Between 1991 and 2001 he was a partner at the Homburger law firm in Zurich. During that time he held several board memberships of financial and other firms.*

*Peter Kurer has a long and distinguished career as a lawyer in private practice and manager of a large legal and compliance function.*

*A more detailed CV may be found in the "Corporate Governance and Compensation Report 2007" as well as on the internet at [www.ubs.com/geb](http://www.ubs.com/geb)*

#### **4.3. Re-Election of the Auditors (Ernst & Young Ltd., Basel)**

##### *A. Motion*

The Board of Directors proposes that Ernst & Young Ltd., Basel, be re-elected for a one-year term of office as Auditors for the financial statements of UBS AG and the consolidated financial statements of the UBS Group.

##### *B. Explanations*

Upon the recommendation of the Audit Committee, the Board of Directors proposes that Ernst & Young Ltd., Basel, be re-elected for a further one-year term of office as Auditors. Ernst & Young Ltd. have confirmed to the Audit Committee of the Board of Directors that they possess the level of independence required to take on this role and that their independence will not be affected by additional mandates performed for UBS AG. Any such additional mandates will require pre-approval by the Audit Committee. Ernst & Young Ltd. further confirm that they did not provide any services for UBS prohibited by the US Securities and Exchange Commission (SEC) for a company's principal auditor in the period from 1 January until 31 December 2007.

Ernst & Young Ltd. have been responsible for UBS AG audits since the merger in 1998. Further information concerning the independence of the auditors, the costs of the audit, and the lead auditors is available in the "Corporate Governance and Compensation Report 2007".

## Item 5

### Ordinary Capital Increase Rights Offering

#### A. Motion

Profond proposed that UBS AG shall effect an ordinary capital increase with subscription rights allotted to existing shareholders (rights offering), resulting in proceeds in the amount of approximately CHF 10 billion. The Board of Directors agrees with Profond's proposal. The Board of Directors believes, however, that such ordinary capital increase should result in proceeds in the amount of approximately CHF 15 billion of equity. Therefore, the Board of Directors proposes an ordinary capital increase with the following parameters:

1. Increase of the share capital from currently CHF 207,354,734.40<sup>1</sup> by a maximum amount of CHF 125,000,000 to a maximum of CHF 332,354,734.40 through the issuance of a maximum of 1,250,000,000 fully paid registered shares with a par value of CHF 0.10 each at an issue price of CHF 0.10. The final number of shares to be issued will be determined by the Board of Directors shortly before the launch of the rights offering and will be set at a number that results in net proceeds to UBS AG of approximately CHF 15 billion. The Board of Directors is required to implement the capital increase in the total amount of the subscribed capital.
2. The Board of Directors is authorized to determine the subscription price. The new shares to be issued shall be entitled to dividends as of the financial year 2008.
3. The contributions for the new shares to be issued shall be effected in cash.
4. The new shares shall have no preferential rights.
5. The new shares to be issued are subject to the registration requirements set out in Article 5 of the Articles of Association.
6. The subscription rights of the current shareholders shall be granted directly or indirectly. The Board of Directors shall be authorized to determine the particulars of the exercise of the subscription rights. Unexercised subscription rights or shares for which subscription rights have been granted but not exercised are to be sold at market conditions.

#### B. Explanations

The Board of Directors proposes an ordinary capital increase sufficient to raise approximately CHF 15 billion to UBS AG. For this purpose and taking into consideration the current UBS share price, the market environment and customary terms for a rights offering, the Board of Directors should have the flexibility to issue up to 1,250,000,000 new shares, corresponding to a maximum of approximately 57% of the share capital of UBS AG (after issuance of new shares for the stock dividend). The proceeds from the rights offering will

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<sup>1</sup> This number does not reflect the increase in share capital as a result of the stock dividend. It will, therefore, be increased by the number of shares to be issued in connection with the stock dividend.

enable UBS AG to meet its internal capital ratio targets as well as its regulatory requirements as to its own funds and market expectations concerning its capitalization.

For an explanation of the impact of the planned capital increase on the 9% mandatory convertible notes due 2010 (MCN), please refer to the explanatory note at the end of this invitation.

## Explanatory Note

### Relating to a potential adjustment of the conversion price for the 9% mandatory convertible notes due 2010 (MCN)

The 9% mandatory convertible notes due 2010 (MCN) contain standard market provisions for the adjustment of the conversion price if a dilutive event occurs between issuance of the MCNs and their maturity. A capital increase would qualify as a dilutive event and thus would cause the following adjustments to the conversion price:

- First, if the issue price of the new shares is below 95% of the market price, the conversion price would have to be adjusted for the value of the subscription rights granted to shareholders. As a result, both the minimum and the maximum conversion price would be adjusted downwards, which would result in a higher number of shares to be issued to the MCN holders upon conversion.
- Second, any capital increase resulting in proceeds in excess of CHF 5 billion occurring before 10 December 2008 at an issue price per share below the minimum conversion price (currently CHF 51.48 per UBS share) would additionally trigger a reduction of the maximum conversion price. In no case will the reduced maximum conversion price fall below the then prevailing minimum conversion price. If new shares are issued at an offering price of below approximately CHF 44, the conversion price would be fixed at the level of the minimum conversion price, and the maximum conversion price would fall away. Thus, conversion of the MCNs would always occur based on the adjusted minimum conversion price, regardless of the share price prevailing at conversion of the MCNs.

#### Notice to U.S. Persons:

The issuer may file a registration statement (including a prospectus) with the SEC for any offering of securities pursuant to the capital increases described herein. Before you invest in any such securities, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and such offering. You may get these documents, once filed, for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, the company will arrange to send you the prospectus after filing if you request it by calling +41-44-236 6770 or, if you are calling from the United States of America, by calling toll-free +1-866-541-9689. Our investor relations department would be happy to address any questions you may have. You may reach them at +41-44-234 4100 or, if you are calling from the United States of America, at +1-212-882-5734.

This invitation is not an offering of any securities that may be described herein.