



**Subordinated Notes
(Tier 2 capital at UBS AG (standalone) level)**

Issuer	UBS AG Jersey Branch
ISIN	-
Issue Date	15.04.2005
Currency	EUR
Nominal (million)	995.0
Coupon rate	4.28% ¹
Maturity Date	Perpetual
First Call Date	15.04.2015

¹Fixed until first call date. Floating thereafter.

The Pricing Supplement dated 15 April 2005

UBS AG, acting through its Jersey Branch

**Issue of EUR 1,000,000,000 Non-cumulative Fixed/Floating Rate Undated Subordinated
Notes
under the US\$35,000,000,000 Euro Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 9 June 2004. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Information Memorandum.

1. Issuer: UBS AG (Jersey branch)
2. Currency or Currencies: Euro ("EUR")
3. Aggregate Nominal Amount: Euro 1,000,000,000
4. Issue Price: 100 per cent. of the Aggregate Nominal Amount
5. Specified Denominations: Bearer Notes
The Notes have a denomination of Euro 1,000 each.
6. (i) Issue Date 15 April 2005
(ii) Interest Commencement Date 15 April 2005
7. Maturity Date: The Notes are perpetual and are not subject to any mandatory redemption provisions.
8. Interest Basis: 4.28 per cent. fixed rate during the Fixed Rate Period and three-month EURIBOR + 1.58 per cent. floating rate during the Floating Rate Period (further particulars specified below)
9. Redemption/Payment Basis: Redemption at par
10. Change of Interest or Redemption Payment Basis: Fixed Rate Period:
From and including the Issue Date to but excluding 15 April 2015

Floating Rate Period:

From and including 15 April 2015 to but excluding the date on which the Notes are redeemed

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|--------------------------|--|
| 11. Put/Call Options: | Issuer Call
(further particulars specified below) |
| 12. Status of the Notes: | Subordinated |
| 13. Listing: | None |
| 14. Method of Interest: | Non-syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | |
|--|---|
| 15. Fixed Rate Note Provisions | Applicable, subject to, and as modified by, the special Conditions set out below in the Schedule. |
| 16. Floating Rate Note Provisions | Applicable, subject to, and as modified by, the special Conditions set out below in the Schedule. |
| 17. Zero Coupon Note Provisions: | Not Applicable |
| 18. Index/Credit-Linked Note Provisions: | Not Applicable |
| 19. Dual Currency note Provisions: | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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|---------------------------------------|-------------------------|
| 20. Redemption Amount: | Set out in the Schedule |
| 21. Tax Redemption Amount: | Set out in the Schedule |
| 22. Optional Redemption (Call): | Set out in the Schedule |
| 23. Optional Redemption (Put): | Not Applicable |
| 24. Optional Redemption Amount: | Set out in the Schedule |
| 25. Optional Redemption Date: | Set out in the Schedule |
| 26. Minimum/Higher Redemption Amount: | Not Applicable |
| 27. Other Redemption details: | Not Applicable |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 28. Form of Notes: | Bearer Notes:
Permanent Global Note which is exchangeable for definitive Notes in the limited circumstances specified in the Permanent Global Note. |
| 29. Business Days: | A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Switzerland and Jersey and on which the Target System or any successor thereto, is operating. |
| 30. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | To the extent to which definitive Notes are produced, Talons will be attached to the definitive Notes. |
| 31. 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 |
| 32. Redenomination applicable: | No |
| 33. Exchangeability applicable: | No |
| 34. Guaranteed Amount: | Not Applicable |
| 35. Other terms or special conditions: | Set out in the Schedule |

INTEREST

- | | |
|---|-------------------------------------|
| 36. (i) If syndicated, names of Managers: | Not Applicable |
| (ii) Stabilising Manager (if any): | Not Applicable |
| 37. If non-syndicated, name of Dealer: | UBS Preferred Funding (Jersey) Ltd. |
| 38. Additional selling restrictions: | Not Applicable |

OPERATIONAL INFORMATION

- | | |
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| 39. ISIN Code: | Not Applicable |
| 40. Common Code: | Not Applicable |
| 41. Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt and the relevant identification number(s): | Not Applicable |
| 42. Delivery: | Physical delivery |
| 43. Additional Paying Agent: | Not Applicable |

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Duly authorised

The Schedule

The following supplements, modifies or replaces the relevant provisions set out in the Information Memorandum dated 9 June 2004 (the "Information Memorandum") as indicated above at paragraphs 16, 17, 21-23, 25, 26 and 36.

Terms not otherwise defined shall bear the meanings ascribed to them in the Information Memorandum. Any references to "Condition" or the "Conditions" are to the Conditions of the Notes as set out in the Information Memorandum unless otherwise stated.

1. DEFINITIONS AND INTERPRETATION

"Actual/Actual (ISMA) Basis" means the actual number of days in the Distribution Period, divided by the number of days in the Distribution Period in which the relevant period falls (including the first such day but excluding the last day);

"Actual/360 Basis" means the actual number of days in the Distribution Period divided by 360;

"Additional Amounts" means the additional amounts which may be payable in respect of the Notes as described in Condition 10(b);

"Available Distributable Profits" means, for any financial year of UBS:

- (a) if there are no UBS Parity Securities outstanding, Distributable Profits for the immediately preceding financial year of UBS; and
- (b) if there are UBS Parity Securities outstanding, then an amount determined as the product of:
 - (i) Distributable Profits for the immediately preceding financial year of UBS; and
 - (ii) a ratio (i) the numerator of which is the aggregate amount of full dividends on the company Preferred Securities to be paid on the dividend payment dates that occur during the then current financial year (not including dividends paid on any preceding dividend payment date of the current year and including dividends to be paid on the corresponding dividend payment date of the following year) and (ii) the denominator of which is equal to the amount determined pursuant to (i) plus the aggregate amount of full dividends on the UBS Parity Securities to be paid on dividend payment dates which occur during the then current financial year;

"Distributable Profits" means, for any financial year of UBS, profit that may be distributed in accordance with Swiss law and regulation then applicable. Currently, for any financial year of UBS, distributable profits are equal to profit brought forward, plus profit for the period, minus appropriation to general statutory reserve, plus other reserves, each as shown in the audited unconsolidated balance sheet and statement of appropriation of retained earnings of UBS and as determined in accordance with accounting standards applicable under Swiss law. The "appropriation to general

statutory reserve" is equal to up to 5 per cent. of annual profit to the extent the general reserves of UBS do not equal 20 per cent. of the paid-in share capital plus 10 per cent. of the amount distributed as a dividend from profit for the period in excess of 5 per cent. of the par value of the UBS common shares;

"Interest Determination Date" means, with respect to any Interest Payment Date, the second TARGET Settlement Day before the first day of the relevant Interest Payment Date;

"Interest Payment Date" means 15 April in each year from 15 April 2006 to the First Optional Redemption Date and 15 April, 15 July, 15 October and 15 January in each year thereafter;

"Interest Period" means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each period thereafter from (and including) one Interest Payment Date to (but excluding) the next following Interest Payment Date;

"Interest Rate" means (i) 4.28 per cent. per annum for the Interest Periods from and including the Issue Date to but excluding the First Optional Redemption Date; and (ii) an amount equal to the sum of 1.58 per cent. per annum and three-month EURIBOR for Interest Periods from and including the First Optional Redemption Date and thereafter;

"First Optional Redemption Date" means 15 April 2015;

"Optional Redemption Amount" means the Aggregate Nominal Amount plus (a) any due and accrued but unpaid Interest calculated from (and including) the immediately preceding Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant Optional Redemption Date or Preferred Securities Redemption Date, as the case may be and (b) any Additional Amounts payable;

"Optional Redemption Date" means, in the case of an optional redemption pursuant to special Condition 2.2 in this Schedule, the First Optional Redemption Date or any Interest Payment Date thereafter, as specified in the relevant notice of redemption;

"Preferred Securities" means the 1,000,000 Fixed/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities outstanding each with a Liquidation Preference of Euro 1,000 issued by UBS Preferred Funding (Jersey) Ltd., including any further Preferred Securities of the same series issued after the Issue Date and ranking *pari passu* with the Preferred Securities then in issue, and "Preferred Security" shall be construed accordingly;

"Preferred Securities Redemption Date" means such date as may be specified for redemption of the Preferred Securities as a Tax Redemption Date or a Capital Disqualification Event Redemption Date, as the case may be;

"Preferred Securities Redemption Event" means the occurrence of a Tax Event or a Capital Disqualification Event as defined in the Articles of Association of UBS Preferred Funding (Jersey) Ltd. within the rights attaching to the Preferred Securities;

"Redemption Conditions" means, with respect to any redemption, (i) that the consent of the Swiss Federal Banking Commission to the redemption, if then required, has been obtained, and (ii) that UBS has Available Distributable Profits in an amount at least equal to the aggregate Optional Redemption Amount;

"TARGET Settlement Day" means a day on which the TARGET System is open;

"TARGET System" means the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system;

"UBS" means UBS AG and its successors and assigns;

"UBS Group" means UBS together with its subsidiaries;

"UBS Junior Obligations" means (i) ordinary shares of UBS, (ii) each class of preferred or preference shares or similar securities of UBS that ranks junior to the most senior ranking preferred or preference shares or similar securities of UBS, and (iii) any indebtedness, guarantee or support agreement or similar undertaking of UBS in respect of any subsidiary securities that rank junior to the guarantee given by UBS of the Preferred Securities; and

"UBS Parity Securities" means (i) each class of preferred or preference shares or similar securities of UBS that ranks equally with the most senior ranking preferred or preference shares or similar securities of UBS and (ii) any securities issued by any subsidiaries of UBS and entitled to the benefit of any guarantee or support agreement or similar undertaking of UBS that ranks equally with the guarantee given by UBS of the Preferred Securities.

1.1 Interest Payment Dates

Subject as provided in sub-clause 1.7, non-cumulative interest payments ("Interest") on the Notes will accrue from the Issue Date (or, in the case of any further Notes of the same series issued so as to rank *pari passu* with the Notes as regards participation in the profits and assets of the Issuer, their respective dates of issue or as otherwise provided). The Interest shall be payable annually in arrear on 15 April in each year from 15 April 2006 until (and excluding) the First Optional Redemption Date (the "Fixed Rate Period") and quarterly in arrear on 15 April, 15 July, 15 October and 15 January from (and including) the First Optional Redemption Date for each Interest Period thereafter (the "Floating Rate Period").

1.2 Interest Rate - Fixed Rate Period

The rate of interest during the Fixed Rate Period shall be 4.28 per cent. per annum of the Aggregate Nominal Amount (calculated on an Actual/Actual (ISMA) Basis).

1.3 Interest Rate - Floating Rate Period

The rate of interest during the Floating Rate Period shall be the sum of three-month EURIBOR and 1.58 per cent. per annum of the Aggregate Nominal Amount (calculated on an Actual/360 Basis).

1.4 For the purposes of calculating this, "three-month EURIBOR" means:

the rate for deposits in Euro for a period of three months which appears on the display page designated 248 on Moneyline Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11:00 a.m. (Brussels time) on the second TARGET Settlement Day before the first day of the relevant Interest Period (the "Interest Determination Date").

1.5 If such rate does not appear on that page on the Interest Determination Date, the Paying Agent will:

- (a) request the principal Euro zone office of each of four major banks in the Euro zone interbank market to provide a quotation of the rate at which deposits in Euro are offered by it at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date to prime banks in the Euro zone interbank market for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time; and
- (b) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; and
- (c) if fewer than two such quotations are provided as requested, the Paying Agent will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro zone, selected by the Paying Agent, at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in Euro to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

provided, however, that if the Paying Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the rate of interest applicable to the Notes during such Interest Period will be the sum of 1.58 per cent. per annum and the rate or (as the case may be) arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- 1.6 The Paying Agent shall, as soon as practicable after 11.00 a.m., Brussels time, on the day which is two TARGET Settlement Days prior to the first day of each Interest Period, calculate the Interest payable on the relevant Interest Payment Date on each Note for the relevant Interest Period.
- 1.7 The Paying Agent will cause the amount of the Interest to be notified to the Issuer as soon as possible after determination thereof, but in no event later than the first day of the relevant Interest Period. Notice will also be provided to the Holders as soon as reasonably practicable.
- 1.8 The Issuer will not pay any Interest or make any payment in respect of Interest (including any Additional Amounts) under the Notes:

- 1.8.1 to the extent that such payment in respect of the Preferred Securities would breach or cause a breach of the Swiss Federal Banking Commission's minimum capital adequacy requirements then applicable to UBS on a consolidated or unconsolidated basis (a "Capital Limitation"); or
- 1.8.2 if the amount of the payment, together with the amount of any distributions or dividends paid or scheduled to be paid to holders of UBS Parity Securities, would exceed the amount of dividends that UBS would have been legally able to pay on the Preferred Securities had they been issued directly by UBS as non-cumulative preference shares of UBS (a "Distributable Profits Limitation").
- 1.9 On each Interest Determination Date, the Issuer will determine whether sufficient Available Distributable Profits exist to allow a payment of the relevant Interest. In the event that any Interest cannot be paid, the Issuer will notify or procure notification the Stock Exchange, the Registrar and the Paying and Transfer Agents and to Holders.
- 1.10 Notwithstanding paragraph 1.9 above, the Issuer will be required to pay Interest on the Notes in two circumstances, as follows:
- 1.10.1 If UBS declares or pays dividends or makes any other payment or Interest on any UBS Junior Obligations, and provided that the Capital Limitation does not apply, then the Issuer will be required to pay full Interest during the one-year period beginning on and including the earlier of the date on which such dividend was declared or the date on which such dividend or other payment was made.
- 1.10.2 If UBS or any of its subsidiaries redeems, repurchases or otherwise acquires any UBS Parity Securities or UBS Junior Obligations for any consideration, except by conversion into or exchange for shares of UBS or UBS Junior Obligations and except as described below (and provided that the Capital Limitation does not apply), then the Issuer will be required to pay Interest on the Notes during the one-year period beginning on and including the date on which such redemption, repurchase or other acquisition occurred.
- 1.11 Notwithstanding paragraph 1.10.2 above, the Issuer will not be required to pay Distributions solely as a result of:
- (a) repurchases, redemptions or other acquisitions of UBS Parity Securities or UBS Junior Obligations in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants, in connection with a dividend reinvestment or shareholder share purchase plan or in connection with the issuance of UBS Parity Securities or UBS Junior Obligations (or securities convertible into or exercisable for such UBS Parity Securities or UBS Junior Obligations) as consideration in an acquisition transaction;
- (b) market-making in the UBS Parity Securities or UBS Junior Obligations as part of the securities business of UBS or any of its subsidiaries;

- (c) the purchase of fractional interests in UBS Parity Securities or UBS Junior Obligations pursuant to the conversion or exchange provisions of such UBS Parity Securities or UBS Junior Obligations or the security being converted or exchanged;
- (d) any declaration of a dividend in connection with any shareholder's rights plan, or the issuance of rights, shares or other property under any shareholder's rights plan, or the redemption or repurchase of rights pursuant to any such plan; or
- (e) any dividend in the form of shares, warrants, options or other rights where the dividend shares or the shares issuable upon exercise of such warrants, options or other rights are the same shares as that on which the dividend is being paid or ranks equally with or junior to such shares.

2. REDEMPTION AND PURCHASE

- 2.1 The Notes have no fixed final redemption date and Holders have no rights to call for the redemption of the Notes. In addition, Condition 7(b) shall not apply to the Notes.
- 2.2 The Notes are redeemable, at the option of the Issuer, subject to the satisfaction of the Redemption Conditions, in whole, but not in part, on any Optional Redemption Date upon notice to the Holders, as soon as reasonably practicable, specifying the Optional Redemption Date (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem each of the Notes accordingly by payment of an amount equal to the Optional Redemption Amount.
- 2.3 If a Preferred Securities Redemption Event has occurred then the Notes may be redeemed, in whole but not in part, at the option of the Issuer, subject to the satisfaction of the Redemption Conditions at any time, each Preferred Security being redeemable at the Optional Redemption Amount.
- 2.4 Redemption under Condition 2.3 shall take place on the relevant Preferred Securities Redemption Date.

3. OTHER PROVISIONS

- 3.1 Condition 10(c) shall not apply to the Notes.



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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 9 June 2004 (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 Global Investor Services (Ireland) Limited as Irish paying agent (the “Irish Paying Agent” which expression includes any successor of HSBC Global Investor 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.

In connection with each issue of Notes, the Issuer will prepare a pricing supplement which will contain the information which specifically relates to that issue of Notes (the “Pricing Supplement”). In relation to any issue of Notes, the Pricing Supplement 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 Pricing Supplement will be endorsed upon, or attached to, each temporary global Note, permanent global Note, definitive Bearer Note and Registered Note. A copy of the Pricing Supplement 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, a copy of the Pricing Supplement will be lodged with the UKLA. In respect of Notes listed on the Luxembourg Stock Exchange, a copy of the Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement.

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 Pricing Supplement, the terms and conditions which appear in the Pricing Supplement 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 Pricing Supplement, 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 Pricing Supplement. If the Pricing Supplement 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 Pricing Supplement, 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.

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, the Global Note will be deposited with a depositary for one, or a common depositary for more than one, clearing system, including Euroclear Bank SA./N.V., as operator of the Euroclear System (“Euroclear”), Clearstream Banking, société anonyme, (“Clearstream, Luxembourg”) and Clearstream Banking AG (“Clearstream, Frankfurt”). 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 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. 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.

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 9 June 2004 (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 Pricing Supplement, and (ii) foreign exchange markets settle payments generally in the currencies referred to in the Business Days section of the Pricing Supplement. 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 Pricing Supplement.

“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.

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

“Interest Determination Date” has the meaning given in the relevant Pricing Supplement.

“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 Pricing Supplement. 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.

“Pricing Supplement” means the pricing supplement prepared in connection with the issue of the Notes. A copy of the Pricing Supplement is available for inspection at the specified office of the Agent and, in the case

General Terms and Conditions

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.

“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.

“Series” means the series specified in the Pricing Supplement.

“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 Pricing Supplement. To the extent that the information in a Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement, the terms and conditions which appear in the Pricing Supplement shall prevail.

“Tranche” means the tranche specified in the Pricing Supplement.

“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.

“UKLA” means the Financial Services Authority in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the “UK Listing Authority”).

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

(b) Bearer Notes

- (i) 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 depository for one, or a common depository for more than one, clearing system, including Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”), Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”) and Clearstream Banking AG (“Clearstream, Frankfurt”).
- (iii) As specified in the Pricing Supplement, Temporary Global Notes will be exchanged for either (i) a Permanent Global Note which will be held by a depository for one, or a common depository 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 Pricing Supplement, 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.

(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 Pricing Supplement) 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 Pricing Supplement, 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 Pricing Supplement, 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 or UBS AG Australia Branch**
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 or UBS AG Australia Branch, 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 or UBS AG Australia Branch, 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 or UBS AG Australia Branch), the provisions dealing with subordination will be included in the Pricing Supplement.

6. INTEREST

(a) Interest – Fixed Rate

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

Except as provided in the applicable Pricing Supplement, 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 Pricing Supplement, amount to the Broken Amount so specified.

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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 (ISMA)” is specified in the applicable Pricing Supplement:
 - (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 (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if “30/360” is specified in the applicable Pricing Supplement, 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 Pricing Supplement is “Floating” then the Notes shall bear interest from the Interest Commencement Date specified in the Pricing Supplement.
- (ii) If the Interest Payment Date Convention specified in the Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement; 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 Pricing Supplement 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 Pricing Supplement; 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 Pricing Supplement 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 Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the Pricing Supplement 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 Pricing Supplement) 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 Pricing Supplement;
- (2) the Designated Maturity is a period specified in the Pricing Supplement; 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 Pricing Supplement.

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 Pricing Supplement 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 Pricing Supplement) the Margin (if any), all as determined by the Agent or such other person specified in the Pricing Supplement. 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 Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the Pricing Supplement.

(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 Pricing Supplement 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, the Luxembourg Stock Exchange or the Irish Stock Exchange, cause each such Rate of Interest, Interest Amount and such other information as the case may be, to be notified to the UKLA, 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 Pricing Supplement.

(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 Pricing Supplement.

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 Pricing Supplement on the Maturity Date or Dates specified in the Pricing Supplement.

(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 Pricing Supplement (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 as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in Condition 10 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 Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement.

(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 Pricing Supplement 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 Pricing Supplement the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the Pricing Supplement, 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 Pricing Supplement 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.

(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 Pricing Supplement and on the Instalment Dates specified in the Pricing Supplement. 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 Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the “Accreted Face Amount”) equal to the sum of:
 - (A) the Reference Price specified in the Pricing Supplement (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 Pricing Supplement.

8. REDENOMINATION AND EXCHANGEABILITY

Where Redenomination is specified in the Pricing Supplement 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 Pricing Supplement) 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 Pricing Supplement 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 unmaturing 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);
- (v) if the Notes are Floating Rate Notes, any applicable changes to the provisions relating to interest will be specified in the Pricing Supplement; 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.

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.

- (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.

(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, Luxembourg Stock Exchange or Irish Stock Exchange, 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) if European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 is brought into force, a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to such Directive 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.

(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.

10. TAXATION

- (a) All sums payable by 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) in such other circumstance as may be specified in the Pricing Supplement.
- (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) 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 and UBS AG Australia Branch, and (v) 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 Pricing Supplement, 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, is expected to be the *Financial Times*, and (ii) in the case of Notes which are listed on the Luxembourg Stock Exchange (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 *Luxemburger Wort*), and (iii) in the case of Notes which are listed on the Irish Stock Exchange, 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, the requirements of the UKLA have been complied with, and (ii) in the case of Notes which are listed on the Luxembourg Stock Exchange (so long as such Notes are listed on the Luxembourg Stock Exchange 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 *Luxemburger Wort*), and (iii) in the case of Notes which are listed on the Irish Stock Exchange (so long as such Notes are listed on the Irish Stock Exchange 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.

(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 *Luxemburger 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.

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.
- (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).
- (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.